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**State Practice and Rural Smallholder Production: Late-
Colonialism and the Agrarian Doctrine in Papua New Guinea,
1942-1969.**

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Requirements for the Degree of

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Abstract

This study shows why and how late-colonial state practice in Papua New Guinea became synonymous with the development of a centrally regulated scheme of rural household production. It is suggested that the origins of the scheme lie not in its supposed pre-adaptiveness to previously existing ('non-capitalist') social relations, nor in its external, 'subsidising' effect on capital accumulation. Rather, its origins lie in the changing politico-economic realities of post-Second World War global capitalism and the corresponding shift to social trusteeship which, in transmitting metropolitan ideas on 'full employment' to the colonies, sought to reconcile indigenous welfare with expanded rural commodity production. Key objects of analysis include the late-colonial state, the household labour process and the agrarian doctrine of development. It is argued that a serious weakness in much of the literature on Papua New Guinea is the tendency to conflate the distinction between immanent and intentional development, so that the negative dimension implicit in the latter is excluded from discussion. Whereas the immanent implies an unintentional process, unfolding outside the regulatory capacity of the colonial state, the intentional refers to the conscious application of state power to ameliorate the negative consequences explicit in the former - poverty and the emergence of a relative surplus population. The present study seeks to recapture the negative dimension of the late-colonial intent to develop in Papua New Guinea. It is argued that the post-war ascendancy of household production is given in the formation of an agrarian doctrine which, in positing the middle peasant as a developmental ideal, sought to use state policy to check landlessness by recasting the capital-labour relation in agriculture. The intent was to regenerate the 'old' within a welfarist agenda defined in opposition to the "landless proletariat". Securing this process was a fundamental shift in the relationship between the colonial state and international capital. In the period 1919-1939 the movement of capital was essentially spontaneous, albeit subject to regulatory controls on land and labour. However, for the period under consideration the "order of intervention was reversed". Reflecting a major increase in power and capacity, the colonial state "assembled capital" to be superintended as part of the Administration's plan for expanding indigenous commodity production. It is in this recasting of late-colonial state practice that the dominance of household production is situated.

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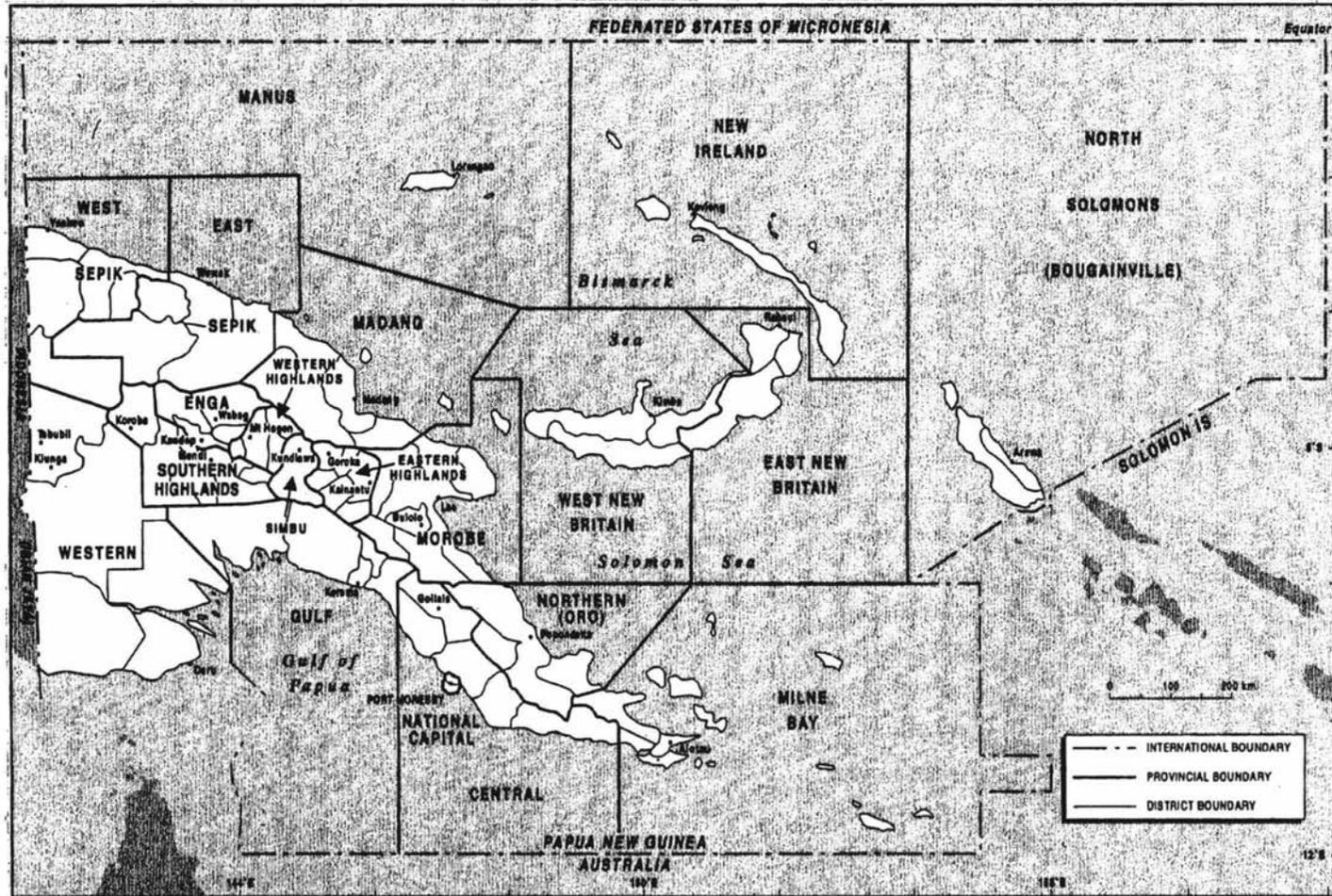
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Abbreviations

AA	National Archives of Australia (Canberra)
ANU	The Australian National University (Canberra)
ANU Archives	The Australian National University Noel Butlin Archives (Canberra)
ASOPA	Australian School of Pacific Administration (Sydney)
DASF	Department of Agriculture, Stock and Fisheries (Territory of Papua and New Guinea)
HFSA	Highland Farmers and Settlers Association (Territory of Papua and New Guinea)
HLS	Highland Labour Scheme (Territory of Papua and New Guinea)
NLA	National Library of Australia (Canberra)
PMB	Pacific Manuscripts Bureau (Canberra, The Australian National University)
PNG	Papua New Guinea
PNGNA	Papua New Guinea National Archives (Port Moresby)
RBA	Reserve Bank of Australia Archives (Sydney)
UPNG	University of Papua New Guinea (Port Moresby)
VA	National Archives of Australia, Victoria Office (Melbourne)

Map 1: Papua New Guinea, Provincial Boundaries.



Source: Connell, 1997, p.5.

Chapter One

Introduction: Late-Colonialism and the Agrarian Doctrine in Papua New Guinea, 1942-1969.

1.1

Smallholder Production in Papua New Guinea: Introducing the Object of Study

The established policy of preserving the natives rights in land or, in the future, ensuring that they will be able to obtain land should their own system of tenure and inheritance not provide it for them, will only prove effective if, in practice, the natives live on their land and work it, using it to greater advantage than in the past, either for a higher level of subsistence or for the production of marketable crops. Over a great part of the Territory this means, in the present generation at least and possibly for some generations to come, a continued attachment to the village in which they were born (Paul Hasluck, Australian Minister for Territories, 1951-1963).¹

Imperialism came late to Papua New Guinea. In 1884 the United Kingdom under pressure from its Australian colonies, reluctantly claimed the southern half of New Guinea as a Protectorate, whilst Germany simultaneously annexed the northern half. This division took place on the undertaking that the larger Australian colonies would fund the United Kingdom's administration of British New Guinea. The situation changed in 1902 when the task of administration was transferred from Britain to Australia and in 1905 the recently formed Commonwealth Parliament passed the *Papua Act* renaming British New Guinea the Territory of Papua.

Following the First World War, control of what was German New Guinea, was transferred to Australia under mandate from the League of Nations. After the Second

¹ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: National Archives of Australia, Canberra (hereafter, AA) M1776/1 Vol.7.

World War, the two Administrations were combined as Papua and New Guinea and were administered as an Australian external territory until self-government in 1973. Formal independence was ceded to the state of Papua New Guinea in September 1975.

In focusing on the period 1942-1969, the present study is concerned with development practice in Papua New Guinea and more particularly, with the ideas of state and the qualities of state power which, in the period following the Second World War, invoked “the village” as the source of “native community” and hence, household production as the site of indigenous ‘development’, or the primary form of labour’s subsumption to capital.

In the context of late-colonial Papua New Guinea, development doctrine, following recent interventions by Michael Cowen and Robert Shenton,² is defined here as the conscious intent, exercised by the state in its capacity as colonial trustee, to develop the productive force of less-developed peoples. Central to this definition, is the distinction “between development as an immanent, unintentional process as in, for example, the ‘development of capitalism’ and development as an intentional activity, such as ‘sustainable development’”.³ Whereas the first, or immanent development, refers to an unintentional, spontaneous process, unfolding outside the immediate control of the colonial state, the second, or the intention to develop, postulates a constructivist intent directed at ameliorating the destructive tendencies explicit in the former - the dissolution of ‘community’, poverty and the emergence of a relative surplus population.⁴

As the vehicle for transmitting the idea of state development to the colonies, state-regulated schemes of smallholder production represented the epitome of the colonial intent to develop: trusteeship, as suggested above by Minister for Territories Paul Hasluck, involved exercising state power for preserving indigenous attachment to land (and hence, ‘community’) under conditions of intensified commodity production. Indigenous labour effort was viewed as fixed in land and translated into administrative practice, colonial trusteeship entailed a conscious programme for developing a ‘community’ of indigenous, commodity producing smallholders. As stated in March 1946 by W. Cottrell-Dormer, the

² see Cowen and Shenton, 1996.

³ Cowen and Shenton, 1998, p.50.

⁴ Grischow, 1998, p.140.

Director of Agriculture, Stock and Fisheries, “the principle basic unit of the community is the rural family securely settled on its smallholding and producing food and other crops for its own and local consumption and for export”.⁵

Whilst the terms through which the Administration sought to superintend the scheme of indigenous household production shifted, its overall ascendancy as the dominant form of labour’s subsumption to capital went essentially unchallenged in the period under consideration. Fuelled by substantial increases in the flow of revenue from the metropolitan state and later, from money capital secured as finance through the international development agencies, the growth of smallholder output from the early 1950’s through to independence in 1975 was substantial. The growth in cocoa and coffee production during this period are good examples.

Planted in only small quantities in the immediate post-war period, indigenous (Tolai) cocoa production on the Gazelle Peninsula totalled 78 tons in 1953 increasing to 622 tons in 1955.⁶ In June 1955 the first Cocoa Action Plan recommended the “expansion of cocoa areas on all available land suitable for the crop”.⁷ Implementation of the plan saw Tolai cocoa production increase to 1,967 tons in 1957, 4,706 tons in 1961 and 9,332 tons in 1965.⁸ A 1959/60 report on the cocoa industry showed an increase in indigenous plantings throughout the Territory from 1,509,840 trees in 1956/57 to 3,774,600 in 1959/60.⁹ In 1979, four years after independence, cocoa production from smallholdings surpassed output from plantations and estates.¹⁰

However, more revealing is the rapid growth of coffee in the Central Highlands of New Guinea. First planted by indigenous households in the period 1944-1949,¹¹ albeit with no internal market, output in 1954/55 totalled 18 tons, increasing to 581 tons in 1959/60. By

⁵ Cottrell-Dormer, Proposed Policy and Working Plan for the Department of Agriculture, Stock and Fisheries, in Respect to Native Agriculture: Australian National University (hereafter, ANU), Stanner Papers on Papua New Guinea 1946-1966, Canberra.

⁶ Epstein, 1968, p.116.

⁷ Cocoa Action Plan, 21 June 1955: AA A452/1 578/3874.

⁸ Epstein, 1968, p.116.

⁹ Cocoa Action Plan - Report on Progress 1959-60, May 1961: AA A452/1 578/3874.

¹⁰ MacWilliam, 1992, p.128.

¹¹ Bourke, 1986, pp.100-103.

1963/64 customary landholdings under coffee extended to over 30,000 acres, from which the household crop totalled 2,473 tons. As early as 1958 indigenous plantings had exceeded those on plantations and estates. Five years later in 1963/64, this ascendancy was reflected in output. Figures for 1969/70 show that of the 27,055 tons of coffee exported, 20,799 tons came from indigenous smallholdings.¹² In 1976, economist D. Anderson, reported that 42% of the electors, or approximately 250,000 households in the Eastern Highlands, Chimbu and the Western Highlands were engaged in commercial coffee production, with an average of 530 trees per household.¹³

More difficult to assess is the extent to which the production of commodities for local consumption had increased. However, insofar as “largeholder production for domestic consumption is small”,¹⁴ the increases which have occurred in the availability of food crops through local markets can, as a corollary, be attributed to expansion within the smallholder sector. Indeed, a 1994 report on *Papua New Guinea: The Role of Government in Economic Development*, states that “village smallholder farmers produce virtually all the domestically produced food and the majority of the agricultural export crops”.¹⁵ One of the primary tasks of the present thesis, is to situate the historical origins of this ascendancy within the post-war discourse on social constructivism, intentional development and colonial trusteeship. In order to do this, what is meant by the form of smallholder production and the form of the colonial state needs to be specified.

¹² Cartledge, 1978, Appendix 23.

¹³ Anderson, 1977, p.4.

¹⁴ MacWilliam, 1992, p.129.

¹⁵ Australian International Development Assistance Bureau. (1994) *Papua New Guinea: The Role of Government in Papua New Guinea*. Canberra: Commonwealth of Australia, p.41. Equally difficult to assess is the increase in production for immediate consumption. However, on the centrality of agricultural production for immediate subsistence in Papua New Guinea, see Thompson, 1985; and 1986.

1.2

**The Form of Smallholder Production and the Form of the Colonial State: Two
Definitions**

Papua New Guinea was, under various imperial powers, made up of colonies of weak capitalist penetration. The capitalist mode of production did not have a totally transforming effect on the pre-capitalist mode. Rather the introduction of the capitalist mode served, at both the economic level and through the action of the colonial State, to conserve the pre-capitalist mode so as [to] more effectively ... exploit it.¹⁶

The present thesis is concerned with two inter-related social forms, smallholder production and the late-colonial state. Descriptions of smallholder production, as articulated by Peter Fitzpatrick above, in which rural Papua New Guinea households are defined as a residual of non-capitalist social relations, are rejected. Concerned “*less* about capitalism, than what is *not* capitalist”,¹⁷ such descriptions are premised on a dualistic conception of the commodity form in which the presence, or in this case the absence, of a ‘landless proletariat’ is taken as specifying empirically a definition of capitalism (and ‘non-capitalism’) given in theory. Models of economic dualism, or the elaboration of dichotomies in which one side is constituted as an ideal (capitalism) and the other by the absence of this ideal (non-capitalism),¹⁸ are secured through an oversimplification of the social structuring of the capitalist social relations. In the words of Jacques Chevalier, proponents of economic dualism “have tended to view the logic of capital as centred upon formal constants which permit few internal variations; ‘what is variable, therefore, must be the other half of the articulation, viz. the pre-capitalist mode of production’”.¹⁹ Thus, writing on the Kewa (Southern Highlands), anthropologist Lisette Josephides, suggests that the “social relations of production exhibit the characteristics of an incipient peasant economy”, insofar as the community in question remains attached to smallholdings and

¹⁶ Fitzpatrick, 1983, p.16.

¹⁷ Wood, 1997, p.2.

¹⁸ see Neocosmos, 1982, pp.217-222.

¹⁹ Chevalier, 1983, p.165; see also Foster-Carter, 1978, p.49.

“the separation of the producers from the means of production, in this case land, is a prerequisite for the emergence of capitalist social relations”.²⁰

In a social formation such as Papua New Guinea, in which 97% of land is held under customary forms of tenure, definitions of capitalism which posit the separation of labour from the means of production as a logical presupposition, negate the possibility of discovering what may be different and important forms of capitalism’s social relations. In contrast to the dualism outlined above, rural smallholders are defined here as a form of labour *in capitalism*: the ‘right’ of households to labour power has been extended, *vis-à-vis* the colonial state form, to include the ‘right’ of producers to reproduce their means of subsistence.²¹ In other words, Papua New Guinea households are not a residual of non-capitalist social relations, but are rather smallholders “drawn into the capital-labour relation as producers whose commodity production ... [is] set in motion by capital”.²² Importantly, notions of external, or unequal exchange, between a non-capitalist ‘peasant’ mode of production and a capitalist mode are thus rejected.

The theory of unequal exchange, popular in neo-Marxist accounts of late-colonial state practice in Papua New Guinea, holds that “monopoly power ensures that the price paid for imports is pushed up and the price secured for household output is held down, so that ‘exploitation’ is equated with being subject to monopoly power in the market place”.²³ Central to this argument, is the division of society into phenomenally separate spheres of social life and the subsequent externalisation of the relations between them. Just as the analysis of the relationship between the state and the economy is distorted when their appearance of ‘separation’ is abstracted as an undiscussed assumption (thereby reducing political analysis to specifying the functional/‘external’ relationship of politics to the economy) so it is with the division of society into discrete economic entities. In this case, the relationship between household producers and capital, is externalised and posited at the level of exchange.

²⁰ Josephides, 1985, p.91.

²¹ Cowen, 1981, pp.61-62.

²² *ibid.*, p.61.

²³ MacWilliam, 1992, p.121.

The appropriation of surplus value, a form of surplus production historically specific to capitalism, takes place not at the level of exchange, but in the sphere of production. Trading capital, as the “first independent mode of existence of capital”, corresponds to the general form of capital as it is confronted in the sphere of circulation.²⁴ Thus, at the level of exchange there is no basis on which to distinguish between different forms of capital, between trading capital and productive capital, and hence between different forms of surplus value. By invoking the category of unequal exchange to describe the logic of rural commodity production in Papua New Guinea, the account of *Development and Dependency* advanced by Azeem Amarshi, Kenneth Good and Rex Mortimer failed to recognise that it was not trading capital which has secured household production as the dominant form of labour’s subsumption to capital, but rather productive (money) capital.²⁵ As Scott MacWilliam explains: “accumulation through the norm of equal, rather than unequal exchange, has been the consequence, while it is the sphere of production, and the logic of capitalist production, which have expressed the process of development”.²⁶

The subsumption of labour to capital assumes two logical forms, formal and real, to which corresponds two different expressions of the capital-labour relation and hence two different modes of exploitation: absolute and relative surplus value. Absolute surplus value is attained by extending the working day; and relative surplus value by reducing, through increases in productivity, the portion of the working day devoted to reproducing the cost of labour power.²⁷ The initial form of labour’s subsumption under capital is formal because “it is only *formally* distinct from earlier modes of production”.²⁸ That is, there is no immediate change in the outward expression of the labour process: “*technologically speaking*”, Marx wrote, “the *labour process* goes on as before, with the proviso that it is now *subordinated* to capital”.²⁹ Given Marx’s analysis of primitive accumulation, in which trading capital is said to subsume handicraft labour “as it finds it”,³⁰ it is easy to see why contemporary forms of peasant production, or ‘unfree labour’, have been examined

²⁴ Marx, 1865, pp.442-455.

²⁵ Amarshi, Good and Mortimer, 1979, pp.xiv-xvii; see also Gerritsen, 1979, p.19-20.

²⁶ MacWilliam, 1992, p.121.

²⁷ Sayer, 1987, p.31; and Marx, 1865, p.1025.

²⁸ Marx, 1865, p.1025 (original italics).

²⁹ *ibid.*, pp.1021,1026 (original italics).

³⁰ *ibid.*, p.1021.

under the rubric of formal subsumption/absolute surplus value.³¹ Yet, as Cowen has noted, “the establishment of household commodity production must involve some conception of relative surplus value”.³² The shift from trading to productive capital is secured when households produce commodities which “enter into the full circuit of capital”³³ and are therefore, subject to relations governing the extraction of relative surplus value. In post-war Papua New Guinea, the colonial state was central in superintending this shift.

The state, colonial or otherwise, is defined here as a social form particular to capitalism which, as an historical category, finds expression in a multiplicity of potentially diverse national states. For Marx, the capital-labour relation was incapable of acquiring an independent, empirical expression in its immediate form - as a direct relation of domination and exploitation.³⁴ Social antagonism, in other words, has a logic of appearing in a social form differing from itself - as profit, wages, the economy, law, the state and so on. Social form, in this sense, refers to the “metaphysical subtleties” through which the social relations of capitalism are actually mediated and confronted.³⁵ It constitutes “the *modus vivendi* of antagonistic relations and, as such, form is ‘generally the way in which contradictions are reconciled’”.³⁶

The state attains an historical reality in the process of arrogating or abstracting to itself specific functions for the organisation of labour. To this extent, the late-colonial state in Papua New Guinea was premised on the commodification of labour power in the form of smallholder production. That is, historically achieved structures of the capitalist state are structures imposed on capital and the state by labour, which in turn compel the state to re-direct, indeed re-invent, the way in which labour is to be contained within the context of global accumulation.³⁷ In a situation where the majority of the population remain attached to smallholdings, transmitting metropolitan ideas of ‘full employment’ to the colonies, presupposed the strengthening of this attachment, whilst refashioning the terms of

³¹ see Bernstein, 1977; and 1979.

³² Cowen, 1981a, p.125.

³³ *ibid.*, p.126.

³⁴ see Bonefeld, 1992, p.105; Burnham, 1990, pp.viii-xiii; Sayer, 1987, pp.130-141; Murray, 1983, p.496; Holloway and Picciotto, 1978, pp.15-31; and Pashukanis, 1924, p.116.

³⁵ Marx, 1867, pp.164-169.

³⁶ Bonefeld, 1992, p.105.

³⁷ *ibid.*, p.114.

occupancy. Insofar as the latter involved the state mediated attachment of money capital to indigenous households, refashioning the terms of occupancy implied subjugation to conditions geared toward the production and consumption of capitalist commodities.

In positing the dominance of trading and largeholder forms of capital, the role of the colonial state in economic development is effectively externalised, or reduced to creating conditions for expanding both forms of capital. Thus, as John Connell has recently argued, “except for a brief period after the war greater concern was attached to the necessity for adequate supplies of plantation labour”.³⁸ Shifting the terminology from a semi-subsistence sector to a non-capitalist mode of production, Fitzpatrick deepened the tautology by introducing the fictitious category of subsidisation, arguing that “the traditional mode of production was conserved and the peasantry to operate it” so as to “subsidise and maintain the supply of labour for capitalist production on settler’s plantations and in the towns”.³⁹ In short, the dominance of smallholder production is inverted as a condition corresponding to the functional (fictitious) ‘needs’ of plantation and trading capitals.

Implicit in the arguments above is a failure to distinguish between money as a medium of exchange, a general equivalent, and money capital “whose object is the production and appropriation of surplus labour time”.⁴⁰ Whilst the entry of capital into the Territory during the inter-war period was essentially spontaneous, albeit limited in scale and subject to legislation controlling land and labour, after 1945 the converse was true. Prior to the Second World War, development of the Territory of Papua and the Mandated Territory of New Guinea, “was limited by the financial resources of the Administrations, except for an annual grant of £46,000 made by the Commonwealth towards the cost of administration of the Territory of Papua”.⁴¹ In contrast, for the first decade after 1945, Commonwealth grants to Papua New Guinea totalled £252,500 in 1946, increasing to £2,018,500 in 1947, £4,184,500 in 1950 and £8,432,000 in 1956.⁴²

³⁸ Connell, 1997, p.20.

³⁹ Fitzpatrick, 1981, p.95. For an informed critique of the ‘subsidy thesis’, see MacWilliam, 1992, pp.120-125.

⁴⁰ MacWilliam, 1992, p.133.

⁴¹ Territory of Papua - New Guinea: Expenditure and Revenue, 27 March 1947: Papua New Guinea National Archives, Port Moresby (hereafter, PNGNA) a.12 b.3875 f.1-1-3 Part.1.

⁴² Downs, 1980, p.66.

Conceived externally, that is as ‘aid’ and not as money capital advanced through the late-colonial state, this substantial increase in revenue is reduced to performing a functional, or auxiliary role in relation to trading and largeholder capitals. Thus, whilst Amarshi was correct in suggesting that it is misleading to ask “whether the Australian government obtains equivalent returns from its subsidies”, he missed the point with his assertion that in superintending the expenditure of ‘aid’, the “state acts ... [to] secure [a] profitable centre for the expansion of Australian commercial, agricultural and industrial capital”.⁴³ As MacWilliam notes, in being “anxious to condemn state action as either pandering to the expatriate presence or the basis of differentiation amongst indigenes”,⁴⁴ this and other accounts neglect or misrepresent the mediatory role of the state in superintending the attachment of money capital to the household labour process. The objective, whether in the form of revenue for agricultural extension services, the establishment of processing and marketing facilities, land reform and/or extended directly as state credit, was to unify absolute and relative surplus value by increasing surplus labour time in the production of commodities for international markets. Put otherwise, the colonial state, by situating itself between smallholders and international money capital, secured the production of surplus value by indigenous households by virtue of its control over the scheme of smallholder production. This mediating role is given in the colonial state’s position *vis-à-vis* money capital and hence, its control over the imposition of work on indigenous households - the form through which the formal and real subsumption of labour to capital was constructed.

Specifying the capitalist content of smallholder production in Papua New Guinea is not however, the sole object of the present thesis. Rather the aim is to reconcile two questions raised by Cowen with respect to agrarian policy in post-war Kenya: namely, “whether proprietorship was conceived of as a means of extending welfare to a rural population to ameliorate the penetration of capitalist social relations, or whether holdings of the middle peasantry are a prime source for commodity production and, thereby, at the cutting edge of the relations of a relatively advanced capitalism”.⁴⁵ After 1945, development doctrine, and

⁴³ Amarshi, 1979, p.38.

⁴⁴ MacWilliam, 1992, p.133.

⁴⁵ Cowen, 1982a, p.259.

the scheme of smallholder production on which it was premised, enunciated a welfarist agenda which derived its meaning in opposition to the process of proletarianisation. The extent to which the “landless proletariat”, “the displacement and dispossession of the natives”,⁴⁶ entered into the official language of the state in Papua New Guinea reflected not so much a fear of class formation, but rather a deeper fear of which the urban proletariat was seen as a direct expression - namely, the dissolution of indigenous ‘community’, as framed according to the colonial trustee. The intent was to secure labour’s ‘independence’ from capital for its immediate consumption, or to preserve, as Hasluck put it, “the association of the people with their villages”.⁴⁷ However, the argument elaborated here shows that the provision of state-sponsored welfare was not independent of capital. The ‘values’ of development, superintended through the colonial state, were subverted by the state’s own precondition - surplus value production and the ‘external authority of capital’. At no point was the scheme of smallholder production independent of capital and hence, its subsumption is reflective of a relatively advanced capitalism.⁴⁸

1.3

Late-Colonialism and the Agrarian Doctrine

The extractive function of the colonial state was captured with forceful clarity by Peter Worsley in his introduction to *The Third World*. According to him, “it is no ideological assertion but a simple generalisation rooted in empirical observation, that the prime content of colonial political rule was economic exploitation”.⁴⁹ In a recent, powerfully articulated history, Mahmood Mamdani has characterised political rule in colonial Africa as constituting a form of ‘decentralised despotism’. Suggesting that apartheid was not limited to South Africa, but was rather “the generic form of the colonial state in Africa”,⁵⁰ decentralised despotism refers to the division of society into the spheres of citizen and subject, with the latter being the reserve of “those who labor on the land” (the African

⁴⁶ Hasluck, Native labour Policy, 23 April 1956: AA M1776/1 Vol.9.

⁴⁷ Hasluck, Foreign Natives in Towns, 22 February 1960: AA M1776/1 Vol.17.

⁴⁸ Cowen and Shenton, 1996, p.151.

⁴⁹ Worsley, 1967, p.45.

⁵⁰ Mamdani, 1996, p.8

majority), in which ideas on indigenous ‘community’, ‘customary law’ and communal land tenure were fused into separate “ethnic containers” and “guarded over by a Native Authority”.⁵¹ For Mamdani, the respective British and French systems of ‘indirect rule’ and ‘association’ represented the realisation that the “key to an alien power achieving a hegemonic domination was a cultural project: one of harnessing the moral, historical, and community impetus behind local custom to the larger colonial project”.⁵² This project was the production of export commodities and insofar as the growth of citizenship, or civil society threatened the extra-economic forms on which peasant output was incorporated into the colonial framework, the state reworked the idea of indigenous ‘community’ as a form of despotism over the African countryside: “there could be no exit for an African from the world of the customary”.⁵³

In a sympathetic critique of Mamdani’s thesis, Cowen and Shenton suggest that the re-configuration of the ‘customary’ as a form of ‘decentralised despotism’ over the African countryside, did not simply involve the “imposition of untrammelled imperial power”. Rather, “the primary aim was to avoid, in Britain’s African possessions, what the reformers viewed as the negative consequences of private property in land in conjunction with industrialisation - a surplus population of urban unemployed”.⁵⁴ The ‘customary’, in other words, was abstracted by the colonial state in opposition to the fluidity of the ‘new’, in particular the formation of a landless proletariat, and reified in the form “of a self-sustaining, export crop producing peasantry”.⁵⁵ Taking the point further, Jeff Grischow notes that “in focusing on the extractive function of the colonial state”, Mamdani overlooks “the fact that ‘community’ itself formed an important component of colonial development policy”.⁵⁶ As with Cowen and Shenton, this is not to deny the centrality of economic coercion in the formation of development policy. Rather, it is to argue, “that surplus extraction and community formed the *twin* goals of the colonial intent to develop

⁵¹ *ibid.*, p.61.

⁵² *ibid.*, p.286.

⁵³ *ibid.*, p.50; and Grischow, 1998, p.140.

⁵⁴ Cowen and Shenton, 1998a, p.54.

⁵⁵ *ibid.*

⁵⁶ Grischow, 1998, p.140.

West Africa”.⁵⁷ The same argument applies with equal force to the late-colonial project in Papua New Guinea and more particularly, to the scheme of smallholder production.

Development, or the intent to develop, does not ‘drop from the sky’, but is rather a “reaction to ‘corruption’, in the form of the breakdown of ‘community’, produced by previous periods of development”.⁵⁸ Central to this argument, is the recent work of Cowen and Shenton,⁵⁹ where the contemporary development literature is criticised for routinely conflating the question ‘What is intended by development?’ with the question ‘What is development?’⁶⁰ The first refers to intentional practice, or the conscious intent to realise the ‘values’ invoked in the name of development. Alternatively, the second refers to an immanent process, in which development is understood as a “discontinuous process [of] ... destruction and renewal”.⁶¹ The tendency to treat intent and process as complementary permeates much of the Papua New Guinea literature, so that once the latter is a ‘physical reality’ the former is somehow made less abstract and more concrete. In the words of Cowen and Shenton, it is as if “what is defined by intention, and then added to by practice, makes development happen”.⁶² Symptomatic of this conflation is that the negative, or reactive dimension, implicit in the intent to develop not only remains hidden, but the actual “origin of the *intention* to develop is omitted from discussion”.⁶³ One of the primary aims of this study is to re-capture the negative dimension of the colonial intent to develop in Papua New Guinea.

Intentional development refers to programmes directed at ameliorating the “maladies of capitalist development” (poverty and landlessness), which attached to state power and realised through state trusteeship, become development doctrines.⁶⁴ State-sponsored, or centrally regulated schemes of smallholder production correspond to a “long-standing *agrarian doctrine of development*”. As was the case in colonial Africa, the post-war scheme of smallholder production in Papua New Guinea invoked the idea of an ‘organic’

⁵⁷ *ibid.*, p.154 (original italics).

⁵⁸ *ibid.*, p.140.

⁵⁹ see Cowen and Shenton, 1991, 1991a, 1994, 1995, 1996, 1998, 1998a and 1998b.

⁶⁰ Cowen and Shenton, 1996, p.viii.

⁶¹ *ibid.*

⁶² *ibid.*, p.440.

⁶³ *ibid* (original italics).

⁶⁴ Cowen and Shenton, 1998, p.50.

indigenous rural 'community' that was shaped in antithesis to the landless proletariat: "whereas the *idea of an immanent process* of development conveys the impression of a fluidity of movement from the old to the new, the aim of an *intentional* agrarian doctrine of development is to renew the 'old', to use state policy in an attempt to confront, compensate, and preempt the fluidity of the 'new' by locking up population in the countryside for the purposes of renewing the agrarian conditions of development".⁶⁵

The legacy of colonialism in Papua New Guinea had produced its own "corruptions of development". In 1943, Labor Minister for External Affairs Dr. H. V. Evatt, declared that the Atlantic Charter and its 'new deal' facade of 'freedom from wants' translated in the Pacific as "the end of unfair exploitation of weak peoples by those who are stronger and economically more developed".⁶⁶ Whilst the Minister, concerned to preserve Australian colonialism in the Pacific, was not willing to extend publicly his critique of inter-war imperialism to the pre-war Administrations of Papua and New Guinea, his advisors and other interested parties were not so circumspect. Writing in 1944, Australian Commander-in-Chief General Thomas Blamey, suggested that by correcting "past abuses which had accompanied imperialism", that is, controlling "the powerful forces of commercialism operating in the Pacific", the Curtin Labor Government was confronted with an unique opportunity "to receive the influence and guidance in the Pacific sphere as those given by Marshal Lyautey to French Africa and Lord Lugard to British Africa".⁶⁷ Influential Second Secretary of the Department of External Affairs W.D. Forsyth, put the problem more succinctly, advising that the options for post-war development practice were twofold:

1. *European Enterprise (Native Labour)*: This envisages continuation of the policy followed in the past, and of necessity is limited to the amount of native labour. It disregards the possibilities and benefits to the territories of the native being educated to become a producer on his own account. Because of its limitations such a scheme is doomed from the beginning; [and]
2. *Peasant Production*: This suggests a scheme of modified collectivisation *under the direction and control of the Government*, with the cultivation of such crops as the world needs ... Implementing such a policy requires the

⁶⁵ *ibid* (original italics).

⁶⁶ 'The Post-War Settlement in the Pacific'. Statement made by the Rt. Hon. Dr. H. V. Evatt, Minister for External Affairs, at the Overseas Press Club, New York, 28 April 1943. In *Current Notes* 1943, Vol.14, No.5, p.146.

⁶⁷ Blamey, *The Situation of the Australian Colonies as at January 1944*: National Archives of Australia, Victoria Office, Melbourne (hereafter, VA) A742/1 284/1/57, pp.3-4.

rigid control of the native labour system, directed at preserving population balance, village economy, and the division of labour between the sexes.⁶⁸

Prior to 1945, indigenous labour in Papua and New Guinea was secured under contract as indentured labour.⁶⁹ Labour reform and the “vigorous policy” of indigenous smallholder agriculture promised by Labor Minister for External Territories E.J. Ward in 1945,⁷⁰ was essentially a reaction against the continuation of the first form of development outlined above. Indeed, that the Minister’s singular speech on New Guinea colonial policy dealt primarily with plans for abolishing indentured labour, reflected not only his own explicit labourism, but also the fact that the comparative desirability of ‘peasant production’, in presupposing the “rigid control of the native labour system”, was given in opposition to the ‘corruption’ read-off from an earlier period of development. As Forsyth put it, “the development by Europeans with native labour is not practicable to any extent, and ... it is not in the native interest”.⁷¹ The system of indentured labour was criticised not only for imposing a fetter on the “native community”, but also for undermining indigenous productive potential, which expressed through ‘peasant production’, was reconstituted as fixed in land.

The assumption, as stated by the Ministerial Sub-Committee on Australian Territories in December 1944, was that prior to the Second World War “development of the Territories was setting up such a demand for native labour as to impose a serious strain on native social life in many districts”. Further, the “resumption of development along the

⁶⁸ Forsyth, Notes on the Rehabilitation and Reconstruction of New Guinea, Papua and Nauru, 10 November 1943: AA CP637/1 44 (my italics).

⁶⁹ Indentured labour in Papua was for a period of three years, with provision to extend the term of contract for a further year, at which point the labourer was required by law to return to his (only ‘single’ men over 14 years of age could be recruited) village for a minimum period of twelve months. In New Guinea the maximum period under contact was seven years, whilst the period in which the labourer was required to return to his village was three months. In Papua the working week was fixed at 50 hours, compared to 55 for New Guinea. Additionally, contracts made provision for minimum wages (10/- per month in Papua and 5/- per month in New Guinea), whilst health, dietary and accommodation standards were also fixed. In both Territories, penal sanctions made desertion an offence and professional recruiters were used to secure the supply of labour; see Halligan, Territories of Papua and New Guinea - Native Labour, 17 April 1945: AA AA518/1 C213/3/2.

⁷⁰ *Commonwealth of Australia Parliamentary Debates* (hereafter, *Commonwealth Debates*), 4 July 1945, p.4052.

⁷¹ Forsyth, Notes on the Rehabilitation and Reconstruction of New Guinea, Papua and Nauru, 10 November 1943: AA CP637/1 44.

same lines would leave little scope for a policy of developing a native peasant economy". That the latter form of development was conceived as "more consonant with long-term native welfare", was given in the fact that the "strain on native social life" was seen as synonymous with "the permanent regulation of the native population to the status of wage-labourers for European enterprises".⁷² Indentured labour stood equally condemned outside the state apparatus. The Christian missions, supported by influential anthropologists Ian Hogbin and Peter Elkin, called for an examination of the system "with regard to its effect on native community life and its contribution or otherwise to native agriculture and social progress".⁷³ Condemned not only for its negative impact on both social forms, but worse, for marking "the beginning of individualism",⁷⁴ development was invoked as a programme for ameliorating the prior social and economic conditions in the Territories.

Critical for the thesis presented here, is the point that Australia's commitment to the agrarian doctrine for Papua New Guinea was not altered with the change to a conservative Liberal Government in December 1949, or with the appointment of Hasluck as Minister for Territories in 1951. Indeed, far from representing a return to the "rampant white capitalism" of the pre-war era,⁷⁵ the scheme of indigenous smallholder production was strengthened and extended. The present thesis shows, that just as Liberals and Fabians came together in Britain on the 'problem of Kenya', with its white estates and an impoverished class of dispossessed producers, Hasluck's liberal "respect for small property"⁷⁶ implied a similar, albeit less recognised coming together, in which the agrarian bias of post-war policy and liberalism's defence of private property, combined to commodify land in a form which sought to check indigenous landlessness. For Hasluck, colonial policy and the corresponding scheme of smallholder production, were premised on:

the village ... as the main centre of native social organisation and as a point of stability in a time of social change. It affords the best setting in which social, economic and political advancement can take place. Therefore the

⁷² Ministerial Sub-Committee on Australian Territories, Notes on Agenda for Meeting on Wednesday 6th December, 1944: AA A989/1 44/735/144/6.

⁷³ Elkin, 1943, p.10.

⁷⁴ Burton, 1949, p.114; see also Hogbin and Wedgwood, 1943.

⁷⁵ Jinks, 1975, p.494.

⁷⁶ *Commonwealth Debates*, 30 September 1959, pp.1574-1575.

preservation of the village and the continued attachment of natives to their villages is regarded as so important that native labour policy should serve those ends.⁷⁷

Although Hasluck regarded the emergence of a “landless, urban proletariat” as an “eventuality” in the transition to contemporary forms of social order, his considerable attachment to the modern idea of development found expression in the application of state power as a means of controlling this transition.⁷⁸ Thus, policies relating to land and labour, as “artifacts of intentional development”, or instruments for regulating the imposition of work on indigenous households, were to be exercised for “control[ling] ... the nature and rate of social change among the native people”.⁷⁹ Insofar as the idea of indigenous ‘community’ was derived from the state, the corollary that the intent to develop came to be synonymous with village development, was predictable. That this definition of ‘community’ and hence, the scheme of smallholder production through which it was given meaning, varied in accordance with the changing provisions of colonial trusteeship, was equally predictable. The discussion presented in Part Three of the present thesis seeks to demonstrate that implicit in the evolving forms of state regulation - the co-operative movement, local government councils, tenure reform and state-sponsored credit - was a conscious strategy of shifting the definition of ‘community’ in accordance with state plans to intervene directly in regulating the intensity of household labour.

Trusteeship “on behalf of the peasant” presupposes a major increase in colonial state powers and capacity. As one government report put it, the policy of indigenous welfare “involves a greater degree of governmental responsibility in the matter of initiating development”.⁸⁰ Put otherwise, the “archetype” of peasant conservatism was rejected only insofar as the potential for indigenous agriculture was seen as conditional on state administration.⁸¹ As the first post-war Administrator for the combined territories, J.K. Murray, explained: the policy of the Administration was to “provide the framework of

⁷⁷ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

⁷⁸ Hasluck, 1976, p.337; and MacWilliam, 1997, p.90.

⁷⁹ Hasluck, Native Labour Policy, 23 April 1954: AA M1776/1 Vol.9.

⁸⁰ Outline of the Basis and Implications of Present Policy Governing the Economic Development of the Territory, 1949: AA A518/1 F927/1.

⁸¹ For a general, or African perspective from which the above is borrowed, see Cowen and Shenton, 1998, p.52.

physical development and administrative services which will enable the native to become an independent producer for export”.⁸² Late-colonial trusteeship found expression in Papua New Guinea as the conscious intent to develop the productive potential of indigenous households. Included in the present thesis as forms of state supervision, or instruments directed at realising the productive potential of indigenous households, are the co-operative movement, local government councils, land tenure reform and the extension of state-supervised credit to smallholders. As forms for exercising trusteeship over indigenous households, the defining, albeit shifting, dimensions of the agrarian doctrine were apparent in each.

1.4

Research Questions and the Method of Research

The rejection of economic dualism and hence, the rejection of notions that the socio-historical character of household production in Papua New Guinea resides in its supposed ‘pre-adaptedness’ to previously existing (‘non-capitalist’) relations, or in its external, subsidising, relationship to capital accumulation, does not in itself resolve the issues surrounding colonialism and the contradictory form of capitalist development. Rather, to paraphrase Peter Gibbon and Michael Neocosmos, what it does do is strengthen the argument for a different approach to household commodity production “which is systematically anti-empiricist in method”.⁸³ To posit the universality of capitalism does not imply a colour-blind approach, insensitive to substantive diversity. To the contrary, what it recognises is that it is impossible in logic to abstract a generic category of ‘capitalism’ which is exhaustive of the empirical elements which define a particular, concrete form of capitalist society.⁸⁴ Positing the universality of capitalism is thus an attempt to open the category of the social relations of production to what might be different and important forms through which the contradiction between capital and labour finds expression. In particular, it is suggested that in an historical materialist method, the middle peasantry

⁸² Murray, 1949, p.53.

⁸³ Gibbon and Neocosmos, 1985, p.168.

⁸⁴ see Sayer, 1987, pp.53-58.

cannot be externalised,⁸⁵ but must be explained in the context of specific socio-historical conditions. Thus, the fundamental question governing the present thesis relates to the emergence of this category in late-colonial Papua New Guinea and its subsequent ascendancy as the primary form of rural commodity production.

Developmental intent is invoked as a means to redress the negative consequences of capital accumulation. It becomes doctrine when 'policy' is attached to state power and is realised through state practice. As a framework for the application of state power, trusteeship is fluid: at specific points in history it is "what binds the process of development to the intent of development".⁸⁶ The fluidity of movement in the category of trusteeship is given from the standpoint of immanent development, or "the corruption adduced to an earlier period of development ... which failed to realise what was deemed to be the value of community".⁸⁷ In the period of late-colonialism, the extension of state-sponsored welfare to social formations such as Papua New Guinea found expression in the formulation of an agrarian doctrine of development which, in positing the 'peasant' as its object, sought to use state policy to check landlessness by recasting the capital-labour relation in agriculture. It is in this recasting of colonial state practice, within the limits of surplus value production, that the dominance of smallholder production in Papua New Guinea is situated.

Australian colonialism, contrary to much of the literature published during the 1970s and early 1980s,⁸⁸ was not unique. The records of state now open to academic scrutiny, suggest a very strong connection between development practice in the territories of British Africa and the programme for colonial reform elaborated by the Australian state for post-war Papua New Guinea. As MacWilliam notes, "the central element of the connection is the mutual regard for [a] ... particular idea of development". That is, Papua New Guinea represents "one of a number of locations where the idea of development and state practices informed by the idea have been joined to secure the predominance of smallholder

⁸⁵ see Cowen, 1981 and 1981a.

⁸⁶ Cowen and Shenton, 1996, p.x.

⁸⁷ *ibid.*, p.75.

⁸⁸ see Healy, 1979 and 1986; Jinks, 1975, 1979 and 1981; and Ward and Ballard, 1976.

agriculture”.⁸⁹ With respect to the present thesis, the time-frame of 1942-1969 is fixed in accordance with the material now available for study. For a period of eight months in 1997/98, primary archival material was collected from the Papua New Guinea National Archives, the National Archives of Australia, the Reserve Bank of Australia Archives, the National Library of Australia and the Pacific Manuscripts Bureau. In reviewing this material, the aim was to re-capture the negative dimensions on which the colonial intent to develop was reworked in Papua New Guinea.

The material now open to study invites the revision of certain core assumptions which, in the process of repatriation have tended towards dogma. As recently restated by Connell, these core assumptions include the propositions that “the colonial era favoured *laissez-faire* policies rather than planning”; that Papua New Guinea “was one of the last places in the world where white settler colonialism was advocated as colonial policy”; that “despite the centralisation of power there was no overall development strategy and no cohesion to government policies”; and “except for a brief period after the war greater concern was attached to the necessity for adequate supplies of plantation labour”.⁹⁰

From the standpoint of the colonial intent to develop, the foregoing assumptions do not correspond to the evidence. By its very nature planning in a capitalist society implies a contradiction. However, with respect to post-war planning in Papua New Guinea, the contradictions related more to the structuring of development practice against the concrete expression of capitalism’s destructive tendencies than to any pre-defined ‘model’ of development. In other words, it was not the planning that was *ad hoc*, but rather the processes of accumulation through which it took place. Indeed, insofar as Connell conflates the immanent with the intentional, the only element of *laissez-faire* is that which tends to inform his own thesis: if the colonial state favoured European settlement and plantation development, then the ascendancy of smallholder production unfolded spontaneously, or outside the immediate domain of policy.

⁸⁹ MacWilliam, 1995, p.123.

⁹⁰ Connell, 1997, pp.20, 6, 18, 20.

The primary material on which this thesis is structured consists of the records and statements of government. Its scope extends downward from ministerial instructions on policy to the Patrol Reports for the Goroka Sub-District (Eastern Highlands). The focus is on what Perry Anderson referred to in his 1974 study of European absolutism as “the intricate machinery of class domination”.⁹¹ That is, trusteeship, and the doctrine of development which informs it, is imposed ‘from above’: ‘community’ is derived from the state and state policy is necessary for the development of ‘community’.⁹² This is not to suggest that movements and reactions in ‘civil society’, or ‘the village’ are unimportant. Rather, in order to understand the concrete manifestation of social conflict, the machinery of domination needs to be specified. Thus, the present thesis makes no claims in terms of presenting an history ‘from below’.

Insofar as the present thesis focuses on the colonial state form, the structuring of the intent to develop is interpreted through the ideas and assumptions of the agents involved. This is not to suggest that structures are unimportant. On the contrary, as Herb Thompson correctly points out, “to evaluate, castigate or honour individuals for the decisions which have been made is to take the easy way out by promoting a simplistic understanding of the essential structural forces at work at any time or place”.⁹³ However, equal care needs to be taken in specifying the structural forces underpinning any one particular event or form of social production. Structures are not ‘things’, but are fluid manifestations of the social relations of capitalism “which simply take the form of a thing and gives that thing a specific social character”.⁹⁴ In giving space to the ideas, theories and interpretations of the central agents involved, their attempt to have these forms of agency realised within and through colonial trusteeship is grasped as providing an *epistemic entree* into the real - “the external authority of capital”.

Lastly, one preliminary clarification is required. It is apparent from the official statements quoted thus far, that the language of colonialism is both racist and sexist. The terms *native* and *tribal* are offensive and were employed in a context of domination

⁹¹ Anderson, 1974, p.11.

⁹² Cowen and Shenton, 1996, p.57.

⁹³ Thompson, 1992, p.32.

⁹⁴ Marx, 1865, p.953.

secured along ethnic divisions. Similarly, the patriarchal content of colonialism was equally pervasive and exemplified in the treatment of ‘maleness’ and the farmer as synonymous. However, to avoid a thesis punctuated by textual clarifications and indeed, to illuminate the divisional content of colonial policy and practice, I do not attempt to sanitise the material quoted. Instead, to borrow the words of Mamdani, I rely “on the reader’s continued vigilance and good sense”.⁹⁵

To bring these remarks together, the present thesis has as its key object of analysis the policies of state which invoked the middle peasantry as a developmental ideal. Underpinning this idealisation was the extension of state-sponsored welfare to Papua New Guinea which, informed by earlier notions of poverty and the loss of productive force, articulated an intention to develop that was given in opposition to the destructive potential of development as an immanent process. The subsequent ascendancy of the scheme of smallholder production is given in the formation of an agrarian doctrine which, in positing the middle peasant as its object, sought to use state policy to check landlessness by recasting the capital-labour relation in agriculture. It is in this recasting of late-colonial state practice that the dominance of household production is situated. To demonstrate this is the primary aim of the present thesis.

1.5

Thesis Structure

Chapter Two presents a discussion of issues relating to historical materialism, the agrarian question and development doctrine. It sets out to construct a framework sensitive to the study of the agrarian question as it unfolded in Papua New Guinea during the period of late-colonialism. It is concerned with the theoretical issues surrounding agriculture and the concrete processes of capitalist development. A theoretical tradition, beginning with Karl Kautsky’s *The Agrarian Question* and extending to include the work of Louis Althusser and Etienne Balibar, is criticised for conflating the logical and the historical, thereby universalising a particular form of capitalist development. In contrast, it is argued

⁹⁵ Mamdani, 1996, p.7.

that the “development of commodity relations need not mean the development of capitalist relations based on wage labour”.⁹⁶ Insofar as the capitalist state form presupposes both logically and historically the commodification of labour power, the structuring of smallholder production is given in the processes through which the colonial state arrogates to itself the functions for organising labour power and hence, the imposition of work within a particular social formation. Chapter Two is thus concerned with two social forms, household production and the late-colonial state, linked by a third, namely the modern idea of development.

Part two, which contains Chapters Three, Four and Five, is concerned with ‘Australian Colonialism and Late-Colonial Administration’. Chapter Three discusses the international context in which plans for colonial reform in the Australian Territories were specified. Introducing previously under-studied material relating to the Australian Department of External Affairs, it is argued that plans for post-war reconstruction in Papua New Guinea were articulated at two inter-related levels. The first level relates to the processes through which ideas on state-sponsored welfare were transmitted to the Territory. Focusing on the work of Evatt and Forsyth, it is argued that the scheme of smallholder production was given first at an international level, that is, as a means of reconciling the provision of indigenous welfare with multilateral demands for increased colonial living standards. The second level, is concerned with the question of economic necessity. Pressure from the United States on Australia to abandon the system of imperial preferences and hence, the protection of the sterling block, was resisted by the Chifley Labor Government which invoked ‘positive colonialism’ as a medium through which to insert the Australian national interest into the domain of intentional development.⁹⁷ At both levels the convergence between British and Australian policies is highlighted.

Chapter Four presents a detailed discussion on the initial period of post-war reconstruction in the Territory to 1949. The title, ‘A New Deal for Papua New Guinea: Ward, Socialism and the Ideas for Change’, seeks to convey the manner in which post-war intentional development was articulated as a “series of reactions” to prior processes and

⁹⁶ Cowen, 1981a, p.125.

⁹⁷ MacWilliam, 1996, p.30.

policies, and the conditions of primary capitalist accumulation on which they were premised. Departing from conventional accounts, attention is directed at Ward and more particularly, to his explicit labourism which, in erecting barriers to the spontaneous expansion of trading and plantation capitals, created space for more interested parties to activate the scheme of smallholder production. The important role of the Army Directorate of Research in reforming both the direction and the institutions of post-war planning is discussed. In particular, attention is given to the debate on indentured labour and its conception by the advocates of reform, as epitomising a form of social disorder not in keeping with the agrarian values of development. As with Chapter Three, the convergence between British and Australian practice is highlighted, the evidence of which is ultimately given in the primacy accorded to smallholder agriculture.

Chapter Five rejects the hypothesis that the change to a conservative, Liberal Government, marked a return to “rampant white capitalism”.⁹⁸ The reinstatement of private enterprise promised by Minister for Territories P.C. Spender in 1950, rather than providing the platform for the re-structuring of development practice, was in fact rejected eighteen months later by his replacement, Paul Hasluck.⁹⁹ As already noted, Hasluck held a strong distaste for proletarianisation, or the separation of labour from the land. It is argued that the form of Administration developed under his tenure, its hierarchical, centralised and authoritarian character, needs to be grasped in light of what was specified as “the special concern of the Government”, namely “the displacement and dispossession of the natives” and “the risk of building up a ‘landless proletariat’”.¹⁰⁰ The exception to this guiding intent, namely the alienation of land for coffee plantations in the Highlands, was just that.¹⁰¹ Insofar as this comparatively intensive period of expatriate settlement threatened the attachment of indigenous households to the land and hence, the scheme of smallholder production, the manner in which it was checked by Hasluck is discussed as exemplifying the constructivist intent underpinning the emphasis given to state regulation in mediating the movement of capital into smallholder agriculture.

⁹⁸ Jinks, 1975, p.494.

⁹⁹ Australia in New Guinea: The Post-War Task, October 1951: AA M335/1 Part.2.

¹⁰⁰ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.9.

¹⁰¹ MacWilliam, 1985, p.14.

Whereas Part Two explores the ideas which underpinned the formation of post-war Australian colonial policy, Part Three moves to consider the specific forms of state supervision through which the internal character of the scheme of smallholder production is more sharply revealed.¹⁰² Concerned with 'Development Practice and Forms of State Supervision', Part Three demonstrates the extent to which the twin goals underpinning the colonial intent to develop - 'community' and surplus extraction - became increasingly interwoven .

Chapter Six presents a discussion of the broad contours of the agrarian doctrine of development and its application as concrete practice in the Central Highlands. Insofar as the abstracted definition of "the village" as the centre of indigenous social order was posited not in terms of the stability of the 'old', but rather in antithesis to the instability of the 'new', in particular the "landless proletariat", the corollary was predictable: 'appropriate' development was envisaged as synonymous with "changing from village subsistence gardening to cash cropping, forming a native [middle] peasantry".¹⁰³ In the Highlands the primary medium for affecting this transition was coffee. Introduced to indigenous households between 1944 and 1949, by 1960 Patrol Reports for the Eastern Highland Sub-Districts of Bena Bena, Asaro, Watabung and Lowa testified to the dominant position of coffee in meeting what was an expanding mass of necessary commodities for household consumption. The aim of Chapter Six is to outline the manner in which this integration was achieved. Attention is directed at the conflicting role of expatriate settlement in securing the commercialisation of indigenous coffee and how, in light of declining returns to households after 1959, the colonial state acted to restrict European expansion when global coffee surpluses threatened the viability of the scheme of smallholder production.

Chapter Seven presents a discussion of the co-operative movement. It marks a shift in the style of presentation from historical narrative, to the consideration of particular forms of state supervision. Linking Chapters Seven through to Ten, is the progressive attempt by the colonial state to maintain indigenous attachment to the land *under conditions of*

¹⁰² MacWilliam, 1992, p.144.

¹⁰³ Statement read by Senator Paltridge on behalf of the Minister for Territories, *Commonwealth of Australia Senate Debates*, 15 August 1961, p.22.

intensified economic activity. To this extent, the co-operative movement is discussed from the standpoint of its limitations. In the immediate post-war period, expanding indigenous commodity production centred on the active promotion of commercial crops within a framework perceived as corresponding to traditional patterns of land and labour usage. After 1956, the object of development shifted to the removal of the perceived barriers to the realisation of indigenous labour effort - low returns to labour and a system of land tenure seen as incapable of ensuring the retention by households of minimum economic areas. The aim was to negate the 'independence' of indigenous households with regard to the disposition of land and labour effort. Given the Co-operative Section's essentially mediatory role and the corollary, its inability "to influence effectively either the evolution of land tenure or the amount of per capita production", it was deemed to constitute an "*inadequate media for systematic economic development*".¹⁰⁴

Chapter Eight discusses the economic content of early local government policy. It is argued that local government councils were never intended as "schools for training natives in self-government". Rather, policy reflected the belief that the productive potential of indigenous households was realisable only through state administration of a direct and systematic kind. Implicit was the assumption that labour effort remained fixed in land and that barriers to the realisation of this effort consisted of low returns to labour and traditional patterns of land usage. For chief architect D.M. Fenbury (then D.M. Fienberg), the initial object of local government policy was the extension of administrative control in such a way that 1) promoted tenure reform; 2) organised marketing; and 3) organised production and processing along lines designed to yield a high quality product. The point was not to negate the welfarist agenda underpinning the post-war ascendancy of household production, but rather to maintain it under conditions of intensified economic activity. The Chapter concludes by discussing the debate between Hasluck and Fenbury on the developmental role of area administration and the subsequent restrictions imposed on local government councils by the former. It is argued that the debate reflected a struggle over territory, not ideology. That is, the tautology that labour effort remained fixed in land was

¹⁰⁴ Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M - Papers, 1947-1972, Pacific Manuscripts Bureau (hereafter, PMB No.629, ANU, Canberra, p.29 (original italics).

shared by both Fenbury and Hasluck, leaving as the sole area of debate the medium through which attempts to re-structure smallholder production were to proceed.

Chapter Nine discusses the evolution of the Administration's position with respect to the extension of credit to indigenous households. The importance of state supervised credit is twofold: in the words of MacWilliam, "it subjugates household production to formal capitalist calculations, and it means that an increasing percentage of the surplus production in households must go to pay creditors".¹⁰⁵ Chapter Nine is primarily concerned with the Native Loans Board. It is argued that just as legislation regulating merchant capital rendered the trading firms subordinate to state plans for asserting commodities into household consumption, money capital in the form of credit, was activated and superintended through the colonial state apparatus as part of its plans for intensifying household commodity production. Insofar as individual rural credit budgets specified the intensity of labour and hence, the proportion of increased output secured as surplus value for creditors, state-sponsored credit, like the formation of local government policy, was diffused as a basis for negating the 'independence' of indigenous households with respect to land and labour effort. In short, production, not land, constituted the object of development - the latter being considered only insofar as customary tenure was seen to constitute a barrier to the realisation of the former. Chapter Nine concludes with a discussion of the important yet neglected role of the Reserve Bank of Australia in structuring the form of administered credit in the Territory.

Chapter Ten is concerned with the refashioning of the agrarian intent to develop as it found expression in policies relating to land, labour and credit during the period of accelerated development (1960-1969). Underpinning the shift to accelerated development, was the 1963 visiting Mission from the World Bank. The major premise underlying the Mission's report was the expansion of smallholder production: "the program aims to move the indigene away from purely subsistence agriculture into the production of commercial crops, largely on a smallholder basis, at as fast a rate as the availability of the staff needed to direct and guide the program will permit".¹⁰⁶ The impact of the World Bank Mission

¹⁰⁵ MacWilliam, 1992, p.145.

¹⁰⁶ World Bank, 1965, p.47.

was to further align the state apparatus and international money capital. It is argued that the establishment of the Papua New Guinea Development Bank in June 1967 and development of nucleus estates in oil palm and tea, were reflective of the conscious intent to increase, or intensify the flow of money capital to the household labour process. Importantly, the shift to accelerated development implied not a rejection of the agrarian intent informing state practice, but rather stripped of its ideological supports - i.e. notions of 'custom' and social organisation - the ultimate, or 'positive' side of trusteeship was made explicit: state administration of a 'community' of smallholders, attached to the land, and subordinate to an international layer of capital governing the intensity of household labour.

Chapter Eleven presents a summary of the research findings. It is argued that in constructing an historical narrative it is not only important to get the 'facts' right; it is equally important to develop categories capable of bringing the 'facts' to life. The records of state now open to public scrutiny are sufficient to warrant a comprehensive revision of Papua New Guinea's late-colonial legacy - the 'facts' are there. Utilising the categories of immanent and intentional development, the present thesis sets out to present an historical materialist framework sensitive to the demands for revision.

Part One:

The Agrarian Question and Marxist Development Theory

Chapter Two

Marxism, the Agrarian Question and Development Doctrine

2.1

Of course, infinitely diverse combinations of elements of this or that type of capitalist evolution are possible, and only hopeless pedants could set about solving the peculiar and complex problems arising merely by quoting this or that opinion of Marx about a different historical epoch.¹

Introduction

As Tony Byres points out, economic backwardness is a central characteristic of an unresolved agrarian question.² Backwardness however, does not imply the existence of non-capitalist social relations. On the contrary, the very existence of an agrarian question, separate from industry (or the distinction between large-scale and smallholder agriculture), implies the generalised existence of the social relations of capitalism.³ As a problem specific to capitalism, it follows that the agrarian question relates to “the differential and differentiating” effects of capitalist development on existing forms of society - i.e. the probable fate of the peasantry under capitalism.⁴ However, as indicated above by Lenin, its precise form (that is, the process of agrarian transformation, or the actual form of labour’s subsumption to capital) is capable of great substantive diversity. In this sense, the agrarian transitions completed, for example in England and North America where primary accumulation displaced peasant households from the land and the instruments of

¹ Lenin, 1899, p.33.

² Byres, 1991, pp.6-7.

³ see Marx, 1865, p.333; Merrington, 1978, p.195; and Neocosmos, 1982, pp.338-349.

⁴ Levin and Neocosmos, 1989, pp.241-242.

production, exist not as logical presuppositions capable of *a priori* application, but as historical ones. To use the words of Gavin Kitching, such examples simply reveal “the selection of phenomena from the logically possible which have been actualised”.⁵ What follows, attempts to set out a framework for the study of the agrarian question as it has unfolded in Papua New Guinea during the period of late-colonialism. It is concerned with a discussion of the theoretical issues surrounding agriculture and the concrete processes of capitalist development. More specifically, it is concerned with two social forms, household production and the colonial state, linked by a third social form, namely the agrarian doctrine of development.⁶ Essentially, it is argued that the socio-historical character of smallholder agriculture in Papua New Guinea cannot be grasped in terms of its supposed pre-adaptedness to previously existing (non-capitalist) social relations and nor in its external, subsidising, relationship to capital accumulation. Rather, its origins lie in the changing politico-economic realities of post-war global capitalism and the corresponding shift to social trusteeship which, in transmitting metropolitan ideas on state-sponsored welfare to the colonies, sought to reconcile indigenous welfare with strategies for rural accumulation. Central was the constructivist intent to check landlessness by inserting labour into the capital-labour relation through the development of household commodity production.

What follows is divided into three parts. Part one draws attention to two broad approaches to the agrarian question within Marxism. In the first approach, a theoretical tradition beginning with Karl Kautsky’s *The Agrarian Question* and extending to include the work of Althusser and Balibar, is situated and rejected on the basis of its *a priorism*: the tendency to conflate the historical with the logical, thereby universalising a particular form of capitalist development “in which capitalists and wage-labourers are present and which constitutes the measure in relation to which all other forms deviate from”.⁷ The second approach centres on the categories of the formal and real subsumption of labour to capital⁸ and includes, among others, the work of Byres, Cowen, MacWilliam, Chevalier,

⁵ Kitching, 1987, p.43.

⁶ see Cowen and Shenton, 1996.

⁷ Gibbon and Neocosmos, 1985, p.169.

⁸ see Marx, 1866, pp.1019-1038.

Jairus Banaji, Henry Bernstein and Peter Gibbon and Michael Neocosmos.⁹ Whilst in no way identical,¹⁰ they nonetheless share a view of capitalism's essential relations as potentially *polymorphic* in their empirical form of appearance, that is, not reducible to relations and forces of production of a single type (*homomorphic*).¹¹ Following this second trajectory, albeit somewhat simply drawn, the present thesis argues that in the context of Papua New Guinea, post-war development practice, as superintended through the colonial state, implanted a circuit of international money capital into smallholder agriculture which acted to pre-empt, rather than promote, outright dispossession.

Part two seeks to outline a framework for conceptualising the capitalist state form in such a way that is sensitive to the study of development practice in Papua New Guinea. Principally, the practice of compartmentalising social scientific study into the separate domains of economic, political and sociological analysis is regarded as representing a major barrier to our understanding of development practice and hence, of the various forms of capitalist development. As Peter Burnham points out, "an approach based on Marx's critique of classical political economy requires a study of how politics influences the economy and vice versa whilst recognising that historically the separation of the polity and the economy is specifically bound-up with the rise of capitalism as a distinct set of social relations".¹² For Marx, the contradiction between capital and labour - the essential relation of capitalism - was incapable of an independent, empirical existence in its immediate form, that is, as a relation of domination and exploitation.¹³ Social antagonism, in other words, has a logic of appearing in a social form differing from itself - as money, profit, wages, the economy, law, the state and so on.

⁹ see Byres, 1985 and 1995; Cowen, 1981, 1981a, 1982, 1982a, 1984 and 1986; Chevalier, 1982 and 1983; Banaji, 1977 and 1990; Bernstein, 1979, 1985, 1986, 1988 and 1994; and Gibbon and Neocosmos, 1985. In the context of Papua New Guinea, see MacWilliam, 1985, 1986, 1988, 1991, 1992, 1993, 1995 and 1996a.

¹⁰ For example, Bernstein's notion of "petty commodity producers as a *phenomenal* category of commodity producers", contrasts with Cowen's insistence that in Kenya "the intervention of an international layer of capital promoted commercialisation of production, but prevented the concentration of labour in the form of the capitalist enterprise"; see Bernstein, 1986, p.14 (original italics); and Cowen, 1981a, p.122.

¹¹ see Chevalier and Buckles, 1995, pp.126-127.

¹² Burnham, 1990, p.viii.

¹³ see Bonefeld, 1992, p.105; Burnham, 1990, pp.viii-xiii; Sayer, 1987, pp.130-141; Murray, 1983, p.496; Holloway and Picciotto, 1978, pp.15-31; and Pashukanis, 1924, p.116.

The late-colonial state in Papua New Guinea presupposed both logically and historically, the commodification of labour power in the form of smallholder production. In this sense, it gave expression to the *mode of existence of labour* in capitalism. Historically achieved structures of the capitalist state are structures imposed on capital and the state by labour, which in turn compel the state to re-direct, indeed re-invent, the way in which labour is contained within the context of expanded reproduction and accumulation.¹⁴ Household production is the product of one such attempt: that is, “to invest landed property in the state and make wage-labour ‘independent’ of capital for the purpose of its immediate consumption”.¹⁵ However, critical to the argument presented here is that labour cannot be made independent of capital. In the case of Papua New Guinea, just as Cowen and Shenton have demonstrated in the context of Kenya, “independent production was valorised through a course of capitalist development”.¹⁶ At no point was the agrarian doctrine independent of capital and hence, at no point was the negation of wage labour proposed. As a result, household production was valorised by capital, *vis-à-vis* the limits and restrictive pre-conditions of the capitalist state form itself - surplus value production.

The final part of this chapter is concerned with a particular form of state practice: the agrarian doctrine of development. As Cowen and Shenton have so brilliantly argued, “one of the confusions, common throughout the development literature, is between development as an immanent, unintentional process as in, for example, the ‘development of capitalism’, and development as intentional activity, such as ‘sustainable development’”.¹⁷ Development policy, insofar as it sets out to redress the negative consequences of capital accumulation - poverty and the emergence of a relative surplus population - is an artefact of intentional development which, when attached to state and realised through state practice (trusteeship), constitutes a particular doctrine of development.¹⁸ “Trusteeship”, Cowen and Shenton write, “is the intent expressed by one source of agency to develop the capacities of another”. It is “what binds the process of development to the intent of development”.¹⁹ In the period of late-colonialism the extension of state-sponsored welfare to social formations

¹⁴ Bonefeld, 1992, p.114.

¹⁵ Cowen and Shenton, 1996, p.151.

¹⁶ *ibid.*

¹⁷ Cowen and Shenton, 1998, p.50.

¹⁸ *ibid.*

¹⁹ Cowen and Shenton, 1996, p.x.

such as Papua New Guinea, found expression in the formulation of an agrarian doctrine of development which, in positing the middle peasant as its object, sought to use state policy to check landlessness by recasting the capital-labour relation in agriculture. It is through this recasting of late-colonial state practice that the dominance of smallholder production in Papua New Guinea is situated.

2.2

The Agrarian Question

On the various forms of agrarian transformation, Byres suggests that “the English path has had great analytical influence among Marxist scholars”.²⁰ Kitching goes further, suggesting critically that “the implicit hegemony exercised over much modern Marxist and neo-Marxist writing by the United Kingdom model, or more exactly, the United Kingdom model as theorised and generalised in Marx’s *Capital* ... is all the more pernicious because, being deeply interred in theory, it is only half recognised”.²¹ Without wanting to oversimplify the problem, it is suggested that within the literature on the agrarian question there exists two lines of development. The first is concerned “*less* about capitalism than what is *not* capitalist”²² and is epitomised in a line of development beginning with Karl Kautsky’s *The Agrarian Question* and reaching its apotheosis within the modes of production discourse. The second line of development is premised on the assumption that the agrarian question is a problem relating to the social relations of capitalism and not the product of ‘non-capitalist leftovers’ articulating within an otherwise capitalist social formation. Central to this line of development, is the distinction between the formal and real subsumption of labour to capital.

Marx’s declared starting point for capitalist production is well-known: “so-called primitive accumulation ... is nothing else than the historical process of divorcing the producer from the means of production”.²³ Dispossession however, was only one aspect of

²⁰ Byres, 1991, p.4.

²¹ Kitching, 1987, p.45.

²² Wood, 1997, p.2.

²³ Marx, 1867, pp.874-875.

the “double sense” in which labour power was transformed into a commodity: “the process ... which creates the capital-relation can be nothing other than the process which divorces the worker from the ownership of the conditions of his own labour; it is a process which operates two transformations, whereby the social means of subsistence and production are turned into capital [dispossession], and the immediate producers are turned into wage-labourers”.²⁴ Money, a general equivalent, “cannot become capital unless it is exchanged for labour-power, a commodity sold by the worker himself”.²⁵ Thus, the second aspect in which wage labour is ‘free’ refers to proletarianisation.

It is meaningless to posit a category of ‘essence’ when no difference exists between what it is and the form in which it is mediated. As Marx himself put it, “all science would be superfluous if the form of appearance of things directly coincided with their essence”.²⁶ Towards the end of *Capital Volume Three*, Marx defines the capitalist mode of production not in terms of the presence of capitalists and wage labourers, but rather on the basis that 1) “it produces its products as commodities” (generalised commodity production); and 2) “the production of surplus-value ... [is] the direct object and decisive motive of production”.²⁷ Further, the extent to which “the capitalist and the wage-labourer” find expression in this process is as “embodiments and personifications of capital and wage-labour”. That is, as *one* concrete expression of the capital-labour relation - “specific social characters that the social production process stamps on individuals, products of these specific social relations”.²⁸ A discussion of how capitalism reproduces itself on the basis of this relationship is beyond the scope of this study. The point is that to posit a “pre-determined harmony” between the capital-labour relation and its mode of existence in terms of an empirically given class of capital and a class of labour, is to invalidate the structure

²⁴ *ibid.*, p.874.

²⁵ Marx, 1866, p.1006.

²⁶ Marx, 1865, p.956.

²⁷ *ibid.*, pp.1019-1020. From the outset it should be noted that both conditions of existence prevail in Papua New Guinea. First, as MacWilliam notes, indigenous households secure access to the means of subsistence reproduction not through exchange, but through the production of commodities which are consumed internationally. Second, the circulation of commodities is activated not through the non-capitalist sector, but through a full international circuit of capital under conditions in which labour is subordinate to a particular form of productive capital, namely money capital. In both cases, subsumption was superintended through the late-colonial state; see Thompson and MacWilliam, 1992, p.7.

²⁸ Marx, 1865, p.1020.

of Marx's argument.²⁹ However, more important to our immediate concern, it abstracts and posits as universal, a particular form of capitalist society (itself the result of a particular balance of forces at an historically determined point in time) as synonymous with capitalism in general.

Exemplifying this tendency to conflate the logical with the historical, that is taking the former as immediately specifying the latter, is Kautsky's *The Agrarian Question*. Published in 1899, the rationale for using this 'dated' text as the medium through which to outline the problematic which the present thesis seeks to set itself against, is simple: the literature on the agrarian question is extensive, (classic and contemporary) and to adopt a "scatter-gun approach" of citing many authors, tends to limit both clarity and engagement. However, having said this the centrality of Kautsky's work to a particular line of agrarian Marxism is such that generalisations can be made which extend to much of the contemporary literature.³⁰

Judith Ennew, Paul Hirst and Keith Tribe are quite correct in their suggestion that neither Lenin's *Development of Capitalism in Russia*, nor Kautsky's *The Agrarian Question*, found it necessary to elaborate a category of a 'peasant economy' or a 'peasant mode of production' in their respective studies of the form and direction of capitalist development in agriculture.³¹ Yet, whereas Lenin warned against the "too stereotyped

²⁹ see Neocosmos, 1986, p.18.

³⁰ In Lenin's (1899a, p.94) review of *The Agrarian Question*, his description of it as "the most important event in present day economic literature since the third volume of *Capital*" has given rise to the impression that the revisionism of the Second International, and the economism and vulgar materialism on which it was based, was influenced by Kautsky's writings in areas other than agriculture - namely, imperialism, philosophy, politics and social evolution (see Alavi and Shanin, 1988, pp.xxxvi-xxxvii). *The Agrarian Question* thus remains a text of considerable standing (see Ennew, Hirst and Tribe, 1976). However, what is apparent now that a full English translation* is available, is that the "profound adulteration of the concept of the ... social relations" which Lucio Colletti, in his classic text *From Rousseau to Lenin* (1972, p.65), correctly attributes to the Marxism of the Second International, flows directly from, or is permeated through, Kautsky's work on agriculture. Moreover, these same ideas, rather than being suppressed by the unavailability of an English translation of *The Agrarian Question*, have in fact been reproduced along an entire trajectory of Marxist scholarship, including, as mentioned, the work directly inspired by Althusser.

* Prior to Pete Burgess' complete 1988 translation (introduced by Hamza Alavi and Teodor Shanin) the only accessible English translation was Banaji's abridged version, 'The Agrarian Question', published in *Economy and Society*, 1976, Vol.15, No.1, pp.2-49.

³¹ Ennew, Hirst and Tribe, 1976, p.297.

proposition that capitalism requires the free, landless worker”,³² for Kautsky the existence of a ‘unified peasantry’ and hence, a ‘peasant economy’, was given implicitly insofar as the reality of agrarian capitalism departed from an ideal-typical conception of the capitalist mode of production in which the continued existence of a peasantry was construed *a priori* as an ‘historical’ impossibility. For Kautsky, the capitalist mode of production was both defined and expressed by the “antithesis between the capitalist class and the wage-proletariat”.³³ However, given the continued reality of rural household producers, it followed that “the capitalist mode of production is not the only form of production in contemporary society; it exists alongside the remains of pre-capitalist modes of production, which have maintained themselves into the present day”. Demonstrating a strong genealogical link to the ‘persistence’/‘conservation’ problematic of Althusserian articulationism, Kautsky asserted that ‘non-capitalist’ classes (the peasantry) were “in part re-produced by pre-capitalist social forms, and in part created, or at least fostered, to meet capitalism’s *needs*”.³⁴

The regulation of smallholder forms of production to the status of “pre-capitalist leftovers” is given in a definition of capitalism as synonymous with technology or industry, that is, in isolation from the actual social relations governing labour: “it was industry”, Kautsky wrote, “which produced the scientific and technical conditions for the new, rational agriculture, revolutionised it through machinery and synthetic fertilisers, through the microscope and chemical laboratory, and in doing so established the technical

³² Lenin, 1899, p.178.

³³ Kautsky, 1899, p.9.

³⁴ *ibid* (my italics). That capitalism ‘needs’ non-capitalist forms of labour finds its clearest form in the work of Harold Wolpe (1975, p.247), who sought to conceptualise the Bantustans of South Africa as a non-capitalist residual within an otherwise capitalist social formation. He argued that the “most important condition enabling capitalism to pay for labour-power below its cost of reproduction ... is the availability of a supply of labour-power which is reproduced outside the capitalist mode of production”. In other words, ‘non-capitalist’ forms of social life act to subsidise capital accumulation by meeting part of labour’s subsistence requirements - i.e. through household production. Two objections can be raised against this conception: first, is its recourse to functionalism in explaining the continued existence of ‘non-capitalist’ forms of labour despite the global dominance of capital; second, “if a mode of production is in itself a totality, its failure to secure the conditions of its own reproduction surely renders it redundant along with the whole notion of articulation” (Levin and Neocosmos, 1989, p.235). This notion of non-capitalist modes of production subsidising capital accumulation has proved popular in the context of Papua New Guinea. Fitzpatrick (1981, p.95) for example, argues that “the traditional mode of production was still to be conserved and the peasantry to operate it” on the basis that it would “subsidise and maintain the supply of labour for capitalist production on settlers plantations and in the towns”.

superiority of the large capitalist farm over the small peasant farm”.³⁵ For Marx, large-scale agriculture represented one form of production in capitalism. For Kautsky however, this is transformed into the proposition that industry is the only form of capitalist production and hence, is synonymous with it.³⁶

The distinction between capitalist largeholder agriculture and its smallholder, ‘non-capitalist’ opposite, is premised on a more general dualism between town and country, or between industry and agriculture. Implicit is the assumption that capitalism diffuses outward, that is, from town to country and from large-scale to small-scale agriculture. Superficially built on the phenomenal similarities between non-capitalist forms of labour and middle peasant households attached to smallholdings, it ignores that such divisions of labour are themselves historical products specific to the social relations of capitalism. As John Merrington so trenchantly explains: “the dualistic tendency to separate urban progress and rural backwardness, seen as a relic of the past, must be set against the fact that ‘urbanisation’ and ‘ruralisation’ are opposite sides of the same process of the capitalist division of labour”.³⁷ By conflating capitalism with industry, that is, with an essence of technology, Kautsky epitomises what Merrington calls the “myth of rural passivity”. Thus, the problem, as stated in *The Agrarian Question*, was that:

with the exception of a few colonies, the capitalist mode of production generally begins its development in *towns*, in *industry*, leaving agriculture largely undisturbed initially. But the development of industry in itself soon begins to affect the character of agriculture.³⁸

and later, in conclusion:

our whole argument so far points to only one answer: *industry*. Industry is not only the motive force for its own development, but also for the development of agriculture. It was urban industry which destroyed the unity of industry and agriculture in the countryside, turning the country dwellers into mere farmers, commodity-producers dependent on the vicissitudes of the market, and creating the possibility of their proletarianisation ... If the development of

³⁵ Kautsky, 1899, p.300.

³⁶ see Neocosmos, 1982, p.407; and Sayer, 1987, pp.34.

³⁷ Merrington, 1978, p.195.

³⁸ Kautsky, 1899, p.13 (original italics).

large-scale industry is proceeding towards socialism, and if it is the dominant power in present day society, it will win over for socialism those areas unable to produce the preconditions for this transformation themselves and adapt them to its own requirements. Industry must do this, both for its own interests and in the interests of the uniformity and harmony of society.³⁹

As Derek Sayer notes in his critique of G.A. Cohen's reinstatement of orthodox historical materialism,⁴⁰ industry may be "capitalism's most productively revolutionary consequence", but "it is in fact competition between capitals - explained by the division of labour between them, a social relation - which compels technical innovation, and the capital-labour relation that makes its general adoption possible on the basis of co-operative labour".⁴¹ It is the social relations of capitalism which destroy the unity between industry and agriculture and not capitalism conflated with the industrial labour process, the latter being as much a product of the capital-labour relation as the former. As *The German Ideology* makes clear: "the contradiction between town and country can only exist within the framework of private property", which to define, as Marx makes explicit in *The Poverty of Philosophy*, is to give "nothing else than ... an exposition of all the social relations of bourgeois production".⁴²

Kautsky's conclusion that industry constitutes the motive force for not only its own development, but also for the development of agriculture, rather than representing a breakthrough in historical materialist analysis, is the inevitable outcome of his theoretical assumptions.⁴³ The corollary of which is twofold. Firstly, the separation of agriculture and industry manifests itself in a unified conception of the peasantry as external to capitalism

³⁹ *ibid.*, pp.300,303 (original italics).

⁴⁰ G.A. Cohen's (1978, p.x) *Karl Marx's Theory of History: A Defence*, defines orthodoxy, or tradition, as an "old-fashioned historical materialism ... in which history is fundamentally the growth of human productive power, and forms of society rise and fall as they impede that growth". As an example of this tradition, Cohen's defence is exemplary for its philosophical clarity, but flawed nonetheless; see Sayer, 1987, pp.30-39.

⁴¹ Sayer, 1987, p.34.

⁴² Marx and Engels, 1846, p.72; and Marx, 1847, p.154. In *Capital Volume Three* (1865, p.771) Marx writes: "the purely industrial character of one section's labour is matched by the purely agricultural character of the others. This purely agricultural labour is in no way of natural and spontaneous origin but is rather itself a product of social development, and a very recent one at that".

⁴³ see Neocosmos, 1982, p.419.

and hence, as “so many manifestations of other modes of (non-capitalist) production”.⁴⁴ Secondly, just as the analysis of state power in terms of ‘legitimation’ and/or ‘hegemony’ takes on an external (functional) content when the ‘separation’ of politics and economics enters into the framework as an undiscussed assumption,⁴⁵ so it is with the *a priori* separation of agriculture and industry, in that the relationship between them is externalised and posited at the level of exchange - as with notions of ‘plundering’ or ‘unequal exchange’. It is, to borrow the words of Marx, “as if this rupture had made its way not from reality into the textbooks, but rather from the textbooks into reality, and as if the task were the dialectic balancing of concepts, and not the grasping of real relations”.⁴⁶ Let us deal first with the conception of the peasantry as representing a unified class of ‘non-capitalist’ agricultural producers.

If the “distinctive character” of the capitalist mode of production is both defined and expressed by the “antithesis between the capitalist class and the wage-proletariat”,⁴⁷ then small-scale production, by virtue of the non-concentration of labour in the immediate place of production, is by definition non-capitalist. This line of reasoning was equally apparent in Ernesto Laclau’s conception of capitalism as a mode of production in which “the fundamental economic relation is constituted by the free labourer’s sale of his labour-power, whose necessary precondition is the loss by the direct producer of the means of production”.⁴⁸ Given the existence of classes as “poles of antagonistic production relations” and the fact that as polar opposites, it is impossible in logic to have more than two classes in any one mode of production, it follows that Laclau can only verify his definition of capitalism by implicitly taking it as specifying an empirical particular - that is, capitalism defined by an empirically given class of wage-labourers and capitalists.⁴⁹ If the peasantry constitute a unified (‘non-capitalist’) class of small producers, it follows that where ‘progress’ has led to proletarianisation it has done so externally - namely, *vis-à-vis* industrial labour process. Whilst Laclau would not be so crude as to posit a linear

⁴⁴ Chevalier, 1983, p.156.

⁴⁵ see Holloway and Picciotto, 1978, p.4.

⁴⁶ Marx, 1858, p.90.

⁴⁷ Kautsky, 1899, p.9.

⁴⁸ Laclau, 1977, p.23.

⁴⁹ Laclau, 1977, p.159; see Neocosmos, 1986, p.6.

conception of proletarianisation at the level of theory,⁵⁰ his conception of class conflict necessarily recasts what is a question relating to the different forms of capitalist development, to one which is concerned with the existence or lack of feudalism.

In elaborating a framework for the analysis of proletarianisation in the countryside, Kautsky sought to employ the insights provided by Marx in his section on 'The Genesis of Capitalist Ground Rents' in *Capital Volume Three*. According to Marx, capitalist producers exchange the products of labour at their 'prices of production' (pp) : $pp = k + r$, where k is the cost of production (constant capital + variable capital) and r is the average rate of profit.⁵¹ However, because the 'simple commodity producer' does not calculate 'prices of production' in terms of cost, then according to Marx, "the only absolute barrier he faces is the wage he pays himself, after deducting his actual expenses; he cultivates his land as long as the price of the product is sufficient for him to cover this wage; and often does so down to a physical minimum". It follows, that:

it is not necessary for the market price to rise either to the value of his product or to its price of production. This is one of the reasons why the price of corn in countries where small-scale ownership predominates is lower than in countries of the capitalist mode of production. A portion of the surplus labour performed by those peasants working under the least favourable conditions is presented to society for nothing and does not contribute towards governing the price of production or forming value.⁵²

Devalorisation is thus the key to small-scale production in competition with large-scale capital. For Kautsky, devalorisation, as expressed in the intensification of unpaid labour and a reduction in household consumption, had the benefit of explaining both the 'inevitability' of 'peasant' proletarianisation and the ability of smallholders to compete with capitalist enterprises, thereby prolonging their existence. 'Overwork' and 'under-consumption' were thus posited as categories giving expression to the process whereby peasant labour time was devalorised in the face of deteriorating relations of exchange:

⁵⁰ see Laclau, 1977, pp.158-159.

⁵¹ Marx, 1865, pp.941-942; see also Milonakis, 1995, pp.336-338.

⁵² Marx, 1865, pp.941-942.

overwork begins once labour for the producer's immediate consumption turns into labour for the market, impelled by the goad of competition. Competing through lengthening the working time always goes hand and hand with technical backwardness ... The same property which drives the peasant to work so much harder than the propertyless wage-labourers also forces them to lower their demands on life to a minimum, lower even than the standards expected by wage-labourers [under-consumption].⁵³

Notions of 'self-exploitation', and the cushioning of reduced returns to labour through diminished consumption and extending the working day, have been usefully employed by Bernstein in his category of 'simple reproduction squeeze': "those effects of commodity relations on the economy of peasant households that can be summarised in terms of increasing costs of production/decreasing returns to labour".⁵⁴ Yet, whereas for Kautsky the devalorisation of labour power takes place at the point of exchange between a unified, 'non-capitalist' peasantry and trading capital, for Bernstein 'petty-commodity producers' are producers of surplus value and as a result, "the site of capital-peasant relations ... is the struggle over the conditions of production".⁵⁵ It follows that for Bernstein, in contrast to Kautsky, "the internal differentiation of the peasantry is *one* form of development of the process [of capital accumulation], not its necessary or sole form of development".⁵⁶

For Kautsky, 'overwork' and 'under-consumption' merely accounted for the 'persistence' or 'conservation' of smallholder production within an ideal construction of capitalism premised on a linear conception of proletarianisation. It follows, that notions of 'persistence' and hence, the categories of 'overwork' and 'under-consumption' themselves, become an anomaly only insofar as the capitalist content of smallholder production is regulated *a priori* to the realm of historical impossibility. As Neocosmos puts it, nowhere does Kautsky "mention the possibility of capitalism creating or increasing small-scale production; he cannot do so as this would contradict his entire conception of capitalism as being equal to large-scale industry".⁵⁷ The same argument applies with equal force to conceptions which equate capitalism with the development of social relations based solely

⁵³ Kautsky, 1899, pp.111,112.

⁵⁴ Bernstein, 1979, p.427.

⁵⁵ *ibid.*, p.435.

⁵⁶ *ibid.*, p.432 (original italics).

⁵⁷ Neocosmos, 1982, p.422.

on wage labour, in that the possibility that the former may subsume smallholder production as a condition of its own existence is excluded from analysis by conceptual fiat.

The concept of a unified peasantry is of course, presupposed in the equation of capitalism with industry. As Gibbon and Neocosmos correctly point out, “the homogeneity of ‘agriculture’ is paralleled by that of ‘industry’ where similar processes operate to make possible the production of a ‘typically industrial’ enterprise and ‘typically industrial’ classes”.⁵⁸ The identification of capitalism with the industrial labour process has reached its epitome in the discourse of Althusserian Marxism, in which elements common to all modes of production are seen to derive their ‘historical form’ from the “property connection” and the “real or material appropriation connection”.⁵⁹ In the case of capitalism, this is given in the elements which make up the industrial labour process - private ownership of the instruments of production by capital and the sale of labour power by a dispossessed proletariat. Expressed in these terms, the study of capitalist development is reduced to a checklist approach, or the verification of ‘laws’ already implicit in theory: “is there wage labour employed in the productive enterprise? Has labour been completely severed from the land? Has there been a consolidation of landholdings?”⁶⁰ In other words, historical materialism is reduced to a theory of deduction based on models of “virtual identity” which are concerned less with capitalism, than what is not capitalist.⁶¹

If “bourgeois society is itself only a contradictory form of development”, then it follows that nothing in the methodology of historical materialism can stipulate a single character to this form.⁶² The argument that household labour constitutes not a ‘pre-capitalist leftover’, but rather a form of labour subordinate to capital, requires us to recognise the multiple forms through which this subordination may be secured. In the first place, it requires us to recognise the distinction between two forms of labour in capitalism: formal and real subsumption, to which corresponds two different expressions of the capital-labour relation and hence, two different modes of exploitation, absolute and relative surplus value.

⁵⁸ Gibbon and Neocosmos, 1985, p.184.

⁵⁹ Balibar, 1979, pp.214-215.

⁶⁰ Aguilar, 1989, p.48.

⁶¹ Banaji, 1977, pp.1-2.

⁶² Marx, 1858, p.105; see also Bernstein, 1982, p.227.

Absolute surplus value is obtained by extending the working day; and relative surplus value, by reducing, through increases in productivity, the portion of the working day devoted to reproducing the cost of labour power.⁶³

The initial form of labour's subsumption under capital is formal because "it is only *formally* distinct from earlier modes of production".⁶⁴ This is not to suggest that it does not presuppose "the separation of living labour capacity from its objective conditions" (the separation of production and consumption). On the contrary, as stated in the *Grundrisse*, "this system of exchange rests on *capital* as its foundation", but "when it is regarded in isolation from capital, as it appears on the surface, as an *independent* system, then it is a mere *illusion*, but a *necessary illusion*".⁶⁵ In other words, although subject, or subordinate to capital, there is no immediate change in the outward expression of the labour process: "all that changes is that compulsion is applied".⁶⁶ It follows, that:

the fact is that capital subsumes the labour process as it finds it, that is to say, it takes over an *existing labour process*, developed by different and more archaic modes of production ... For example, handicraft, a mode of agriculture corresponding to a small, independent peasant economy. If changes occur in these traditional established *labour processes* after their take-over by capital, these are nothing but the gradual consequences of that subsumption. The work may become more intensive, its duration may be extended, it may become more continuous or orderly under the eye of the interested capitalist, but in themselves these changes do not affect the character of the actual labour process, the actual mode of working;⁶⁷

and again:

there is no change as yet in the mode of production itself. *Technologically speaking*, the *labour process* goes on as before, with the proviso that it is now *subordinated* to capital.⁶⁸

⁶³ Sayer, 1987, p.31; and Marx, 1865, p.1025.

⁶⁴ Marx, 1865, p.1025 (original italics).

⁶⁵ Marx, 1858, p.509 (original italics).

⁶⁶ Marx, 1866, p.1025 (original italics).

⁶⁷ *ibid.*, p.1021 (original italics).

⁶⁸ *ibid.*, p.1026 (original italics).

If no change in the instruments of production is necessarily entailed with the formal subsumption of labour to capital, then clearly it is erroneous to read into the social relations of capitalism an essence of technology. More important however, is that for Marx, “no automaticity” in the ‘progression’ from formal to real subsumption and hence, from absolute to relative surplus value, is implied. Although the former presupposes the latter, “the converse does not necessarily obtain”⁶⁹ and to this extent, formal subsumption/absolute surplus value may exist in absence of, alongside, or indeed within the same productive form as real subsumption/relative surplus value. It follows that, although it is “large-scale industry which radically expropriates the vast majority of the agricultural population”,⁷⁰ no linear process of proletarianisation in the transition from formal to real subsumption is posited, in that the former is both destroyed and resurrected as a condition of existence of the capital-labour relation:

it will be remembered that manufacture conquers the domain of national production only very partially, and always rests on the handicrafts of the towns and the domestic subsidiary industries of the rural districts, which stand in the background as its basis. If it *destroys* these in one form, in particular branches at certain points, it *resurrects* them again elsewhere, because it needs them to some extent for the preparation of raw materials. It produces, therefore, a new class of small villagers who cultivate the soil as a subsidiary occupation, but find their chief occupation in industrial labour, the products of which they sell to the manufacturers directly, or through the medium of merchants ... [Thus] “*we always find that this peasantry turns up again*”.⁷¹

The potential for capital to subordinate smallholder forms of production as a condition of its own existence was also recognised by Lenin. Departing from Kautsky’s economism, Lenin’s debate with the Narodniks compelled him “to address the question of whether capitalism *could*, in the particular circumstances of economic backwardness which existed in Russia, develop; and to demonstrate that capitalism could and actually *was* developing in Russia”.⁷² Whereas Kautsky’s point of departure was given in an essence of technology, Lenin was more rightly concerned with the form of capitalism’s social relations in agriculture. He argued:

⁶⁹ *ibid.*, p.1019.

⁷⁰ Marx, 1867, p.912.

⁷¹ *ibid.*, pp.911-912 (my italics); see also Gibbon and Neocosmos, 1985, p.174.

⁷² Byres, 1991, p.9 (original italics).

it must be shown that the relations between large-scale capitalism in Russia and 'people production' is the relation between a completely developed and undeveloped phenomenon, between a higher stage of development of the capitalist social formation and a lower stage; that the separation of the producer from the means of production and the appropriation of the product of his labour by the owner of the money are to be explained, both in the factory and even in the village community, not by politics, not by distribution, but by the production relations.⁷³

Insofar as Marxists have been prepared to acknowledge the capitalist character of household production, it has been in the context of a period of transition to capitalism and hence, as a transitory category.⁷⁴ However, if Marx's statements on the formal subsumption of labour to capital during the period of primitive accumulation in England can be read in this light, Lenin most certainly spoke of household production as a permanent feature of capitalism:

Capitalism arose and is constantly arising out of small production. A number of new middle strata are inevitably brought into existence again and again by capitalism ... It is quite natural that this should be so and always will be so, right up to the changes in fortune that will take place in [the] proletarian revolution.⁷⁵

It follows, to use the words of Cowen, that the "development of commodity relations need not mean the development of capitalist relations of production based on wage labour".⁷⁶ The failure of conventional accounts to recognise this potential for substantive diversity in capitalism, in particular those conceived within the formalism of Althusserian Marxism, has led Kitching to state that the concept of the mode of production is the "single major theoretical impediment to the effective analysis of actual production in the Third World".⁷⁷

⁷³ Lenin, 1894, p.444.

⁷⁴ see de Janvry, 1981, p.106.

⁷⁵ Lenin, 1908, p.39; and Gibbon and Neocosmos, 1985, p.176.

⁷⁶ Cowen, 1981a, p.125.

⁷⁷ Kitching, 1980, pp.4-5.

In the context of the present study, household producers are conceptualised not as a “middle strata” of petty-capitalists, but as a semi-proletariat, albeit no less fixed than the wage labourer or the capitalist. It departs therefore, from recent interventions by Bernstein and Gibbon and Neocosmos which centred on the category of ‘petty commodity production’.⁷⁸ This is not to suggest that their work is unimportant. Quite the contrary, their collective agenda for transcending the problematic of dualism by arguing for an approach to the agrarian question “which is systematically anti-empiricist in its method”,⁷⁹ introduces an important corrective into the domain of historical materialist analysis. Nonetheless, their tendency toward theoreticism, in particular their recourse to a general conception of the law of value as the basis for explaining the primacy of household production in agrarian social formations such as Papua New Guinea, is necessitated by a refusal to conceptualise relations between peasant households and the state, and between money capital and centralised schemes of smallholder production, as relations of production.⁸⁰

For Gibbon and Neocosmos, household production under capitalism is a particular “phenomenal category of commodity producers who possess the means of production to produce commodities and who engage in production on the basis of unpaid household labour alone”.⁸¹ Implicit is a definition of capitalism as “generalised commodity production”, the conditions of which are satisfied “when ... [individuals] are unable to

⁷⁸ Bernstein, 1985, 1986, 1988 and 1994; Gibbon and Neocosmos, 1985; Neocosmos, 1982, pp.516-532; Levin and Neocosmos, 1989, pp.250-253; and Cook and Binford, 1986. Central to the growth in the literature relating to the category of petty commodity production is its flexibility, that is its resistance to equating capitalism with the commodification of labour power as wage labour. However, as Alison Scott (1986, p.6) notes, “the penalty for this more flexible approach is greater confusion as to the precise constitution of simple or petty commodity production”. Thus, in Bernstein’s (1977, p.63) early work, petty commodity production is a non-capitalist form of production subsumed by capital, yet distinguishable from forms of capitalist production on the basis of a “subsistence logic”. At the other end of the spectrum, for Gibbon and Neocosmos (1985, p.170), petty commodity production is capitalist in both form and content - “no notion of subsistence or peasantness is assumed”. Between Bernstein’s early intervention and that presented by Gibbon and Neocosmos, there exists a number of intermediate positions. Chevalier (1982, p.124), for example, argues that whilst there is no ‘logic of subsistence’, petty commodity producers ‘maximise in the concrete’ in which “the working owner is driven not by the pursuit of greater profits, but rather by the quest for a feasible optimum of concrete consumption (which may or may not be superior - or even equal to the prior levels of consumption)”.

⁷⁹ Gibbon and Neocosmos, 1985, p.168.

⁸⁰ see Goodman and Redclift, 1985, p.238; and Cliffe, 1987, p.633.

⁸¹ Gibbon and Neocosmos, 1985, p.170.

reproduce themselves outside the relations and processes of capitalist commodity production, when the latter come to constitute the conditions of existence of peasant farming and are internalised in its organisation and activity”.⁸² This process of internalisation is satisfied historically “when ‘forcible commercialisation’ gives way to commoditisation under ‘the dull compulsion of economic forces’”.⁸³ In the context of the argument presented so far, that is, as it relates to recognising the potential for substantive diversity within capitalism’s social forms, the strategic implications of the position developed by Gibbon and Neocosmos can be best seen in the following statement:

to suggest that a social formation is capitalist by virtue of being founded on the contradiction between wage-labour and capital is not to assert that all ... enterprises in this social formation will conform to a ‘type’ in which capitalists and wage-labourers are present, and which constitutes the measure in relation to which all other forms deviate ... What has to be shown in order to prove the capitalist nature of such social formations is that the social entities and differences which form the social division of labour in such social formations are only explicable in terms of the wage-labour/capital relation.⁸⁴

The question of the ‘persistence’ or ‘conservation’ of household forms of production becomes an anomaly only when they are presumed *a priori* not to exist. Put otherwise, explanations of household production as being “created, or at least fostered, to meet capitalism’s needs” arise “only because of the *a priori* postulate concerning the inevitable dissolution of the peasantry, a postulate deeply ensconced in theory”.⁸⁵ Gibbon and Neocosmos attempt to avoid this *a priorism* by advancing a somewhat unnecessarily deterministic conception of spaces and places for household production being continually created as an effect of the law of value in capitalist competition, accumulation and concentration. For them, petty commodity production is reproduced “as an inescapable and integral part of capitalist development itself, and not as the outcome of policy, historical accident, nor its ‘functional usefulness’ for capital”.⁸⁶ Leaving aside the problem of determinism (see below), this position does allow for a potentially useful distinction

⁸² Bernstein, 1994, p.55.

⁸³ *ibid.*

⁸⁴ Gibbon and Neocosmos, 1985, p.169. As to how ‘the dull compulsion of economic forces’ finds expression in Papua New Guinea, see footnote, 27.

⁸⁵ Aguilar, 1989, p.44; see also Kitching, 1987, p.45.

⁸⁶ Gibbon and Neocosmos, 1985, p.157.

between the fate of household production in capitalism - “which is to be reproduced continually anew”- and the fate of individual household producers - “which is to divide systematically into capitalists and wage-labourers”.⁸⁷ In terms of the fate of individual household producers, the conditions of chronic instability associated with household production arise from the distinctive concentration of the class places of both capital and wage labour within the household: “it is only because the producer possesses the means of production that he/she labours for him/herself - because he/she is a capitalist that he/she is his/her own labourer”.⁸⁸ This in turn leads to the clarification that in any one particular household unit the “‘side of labour’ could dominate the ‘side of capital’ as with semi-proletarians; the ‘side of capital’ could dominate the ‘side of labour’ as with rich peasants; or the two could be in ‘relative equilibrium’ which means that the reproduction of ... [petty commodity production] would take place on the basis of household labour alone without the exchange of labour power [the middle peasant]”.⁸⁹ Importantly, this characterisation of the dynamics/fate of household production simply establishes the limits of the logically possible. As Bernstein points out: “it must be emphasised that differentiation of the peasantry is a *tendency* in capitalism, rather than a uniform empirical trend observable in all places at all times”.⁹⁰

The differentiation of the peasantry is indeed only a tendency in capitalism. Moreover, it is a tendency which colonial state practice in the Pacific and African territories was structured against.⁹¹ In the context of pre-war Papua and New Guinea, this took the form of a reactive policy of non-development in which the colonial administration, expressing a measured distaste for international trading capital, used land and labour policy as a means to check proletarianisation.⁹² Conversely, in the post-war period the order for administering the conditions of household production was reversed. In the words of MacWilliam, “money capital circulated into state apparatuses to stimulate production under strategies which fitted key principles of existing colonial policy, including the objective of maintaining

⁸⁷ *ibid.*, p.178; see also Llambi, 1988, pp.359-360.

⁸⁸ Gibbon and Neocosmos, 1985, pp.177-178; and Marx, 1863, p.408.

⁸⁹ Levin and Neocosmos, 1989, p.251; see also Marx, 1863, p.409.

⁹⁰ Bernstein, 1994, p.57 (original italics); see also, Marx, 1863, p.409.

⁹¹ Phillips, 1989, p.50.

⁹² see Murray, J.P.H., 1920, p.32.

households upon land”.⁹³ In short, the official distaste for proletarianisation, combined with the expanded capacity of state power, found expression in a conscious policy directed at pre-empting the spontaneous movement of capital into smallholder agriculture.⁹⁴

To expand: the dominance of capitalism is always that of a particular form of capital, “since there are only logics of particular capitals”.⁹⁵ In the period of late-colonialism the dominant form of capital was international money capital, a form which has “no parallel in the period Marx used for the initial formulation of Marxist categories”.⁹⁶ As a form of *productive* capital, money capital is not spontaneous. That is, the relation between money capital and state is realised not only through the state’s responsibility for the regulation of the monetary system,⁹⁷ but in the context of post-war Papua New Guinea, where production was the direct object of policy, money capital was superintended in accordance with the colonial Administration’s plans for expanded household commodity production. The problem with the categories of simple and petty commodity production, as David Goodman and Michael Redclift note, relates to the “danger of conferring on SCP [simple commodity production] the status of a theoretical concept, whereas it is an historically contingent phenomenon, which consequently can be expected to undergo significant transformation and variation in the course of capitalist development”.⁹⁸ In making this observation, the authors, as Lionel Cliffe correctly points out, “are not retreating into the early Kautsky-Lenin belief that SCP is a temporary form in the transition to capitalism, but [are] asserting that its form will vary with changes in the type of its subsumption to capital”.⁹⁹ In this sense, Gibbon and Neocosmos are wrong to contend that relations between peasant households and the state, and between money capital and schemes of smallholder production, are by definition not relations of production.

Cowen, like Gibbon and Neocosmos, is concerned with how peasant commodity production is “reconstituted and reproduced” in capitalism. However, operating at an

⁹³ MacWilliam, 1991, p.16. In the context of Kenya, see Cowen, 1981a, p.128.

⁹⁴ see Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

⁹⁵ Thompson and MacWilliam, 1992, p.6; see also Marx, 1858, pp.106-107.

⁹⁶ Thompson and MacWilliam, 1992, p.8.

⁹⁷ Clarke, 1978, p.65.

⁹⁸ Goodman and Redclift, 1985, p.238.

⁹⁹ Cliffe, 1987, p.633.

“international scale of reckoning”, Cowen argues “that the contemporary epoch of household production is not simply a residual of non-capitalist relations of production, but is part of the internationalisation of the most historically advanced layer of capital”.¹⁰⁰ Whilst for Gibbon and Neocosmos, petty commodity production is not analytically different from other forms of capitalist enterprise, for Cowen, household producers in the particular ‘conjuncture’ of post-war Kenya, were “subordinate to and not competitive with, capital as a relation of production”.¹⁰¹

For Cowen, the reproduction of household production is secured *vis-à-vis* an international circuit of productive capital and subject to the extraction of both absolute and relative surplus value. The first is attained by increasing the frontier of commodity production and hence, the number of commodity producers, and by lengthening the working day. The second, more advanced form of relative surplus value, is attained when households produce commodities which enter into the full circuit of capital:

a change in necessary labour time is a change in the average labour time required for the production of all commodities which are consumed by all workers, including household producers. This is particularly so when households produce raw materials in exchange for consumer goods. Then a reduction in necessary labour time is secured both in the place of production where the raw materials are used and in the place of household production. And, to repeat, necessary labour time is reduced if households increasingly consume commodities which have been produced under conditions in which average productivity of labour is rising.¹⁰²

Household labour, in other words, systematically creates surplus value which is appropriated through the production and consumption of commodities. In the case of Kenya (and Papua New Guinea), the colonial state, by virtue of its control over the scheme of smallholder agriculture, intervened to restrict the concentration of labour power in the immediate place of production. In the post-war period, expanded household production did not rise spontaneously *vis-à-vis* the operation of the law of value, but rather “the movement

¹⁰⁰ Cowen, 1981, p.61. Importantly, Gibbon and Neocosmos (1985, pp.170, 178), concede that absent from their account of petty commodity production is a Marxian theory of the international division of labour.

¹⁰¹ Cowen, 1981, p.61.

¹⁰² Cowen, 1981a, p.126.

of capital was activated and coerced by the state to become an integral part of its plans for household production”.¹⁰³ By overstating the ability of the law of value to give an adequate account of contemporary forms of smallholder agriculture, Gibbon and Neocosmos neglect that the “makeshift settlement”, or the colonial “template” for extending the ‘right’ of labour power to include the ‘right’ of producers to reproduce their subsistence,¹⁰⁴ was structured against the immanent tendencies of primary capitalist accumulation. That the law of value came into operation, it did so as a restrictive condition of existence of the colonial state form itself: insofar as the development of a ‘community’ of smallholders was abstracted as an ideal, its subsumption was secured *vis-à-vis* its mediation through the state’s own preconditions, namely surplus value production and the “external authority of capital”. The late-colonial state in Papua New Guinea, by situating itself in a mediatory role between indigenous households and an international circuit of money capital, acted to internalise the external authority of capital by inserting labour into the capital-labour relation through a centrally regulated scheme of smallholder production.

To bring these arguments together: household production is not simply a residual of non-capitalist relations of production articulated within an otherwise capitalist social formation. Rather, household production represents the dominant form of labour’s subsumption to capital in social formations such as Papua New Guinea. Here, households were inserted into the capital-labour relation as “producers whose commodity production was set in motion by capital”.¹⁰⁵ Questions relating to why labour in social formations such as Papua New Guinea have been subsumed historically as household producers cannot be adequately answered at the level of the law of value. To grasp the process through which the subsumption of household production to capital is secured, it is necessary to construct a framework for the analysis of state-household relations which situates the internal authority of the late-colonial state in terms of its arrogated functions for the organisation of labour power. Rather than limiting the domain of historical materialist analysis, the following

¹⁰³ *ibid.*, p.138.

¹⁰⁴ Cowen, 1981, p.63; see also Phillips, 1989, pp.66-69; and Cowen and Shenton, 1998a, p.53-53.

¹⁰⁵ Cowen, 1981, p.61.

section suggests that the parameters need to be extended so as to embrace the ‘internal’ of development, or the intention to develop.¹⁰⁶

2.3

Method and the State

In this section the aim is to outline a framework for conceptualising the colonial state form in such a way that is sensitive to the study of development practice in Papua New Guinea. Principally, the practice already mentioned of compartmentalising social scientific study into the separate domains of economic and political analysis is regarded as a major barrier to our understanding of development practice and hence, of the various forms of capitalist development. Relations between the state and peasant households are relations of production and in order to grasp the post-war ascendancy of state-regulated schemes of smallholder production, an appreciation of the limitations implicit in the capitalist state form is necessary.

In moving to specify the late-colonial state we are immediately confronted with a paradox: in the first instance, states appear to exist as separate entities and yet in the second instance, we speak of the capitalist state as an object in itself. The question which follows is predictable. To paraphrase John Holloway, how can we understand the state as a “unity of the separate”, for example, as the capitalist state (colonial or otherwise) and as a “multiplicity of different states”?¹⁰⁷

To distinguish between the state as a “unity in separation” and as a “multiplicity of different states”, is not to imply a dualism between theory and history, or between the state as an object of *theory* and as something which actually *exists*. Rather, to borrow the words of Richard Johnson, it implies a distinction between “*historical categories and accounts at different levels of analysis*”.¹⁰⁸ Holloway’s aim therefore, is “to dissolve the state as a

¹⁰⁶ Cowen and Shenton, 1996, p.57.

¹⁰⁷ Holloway, 1994, p.24.

¹⁰⁸ Johnson , 1983, p.166 (original italics).

category”, rather than to rigidify its appearance of separateness.¹⁰⁹ This is in direct contrast to political sociology which, as Philip Abrams notes, “springs from the separation of the political - and more especially the state - from the social”.¹¹⁰ Political sociology is constructed as an attempt to give an account of political action as distinct from economic or social action. That is, the observed ‘fact’ of a phenomenally discrete domain of political action is abstracted and reified as a concrete object which in a word, exists - i.e. the state, separate from the economy. For example, Nicos Mouzelis proposes as a ‘post-Marxist’ alternative to the Althusserian model of structural causality¹¹¹ a ‘mode of domination’ separate, yet analogous to, the category of the mode of production, for analysing the state in developing social formations.¹¹² However, the analogy, although suggestive, is a superficial one: the Althusserian assertion of a ‘necessary correspondence’ between the economic and the political simply gives way to the ‘necessary non-correspondence’ of a mode of domination (the political) defined in separation from a narrowly construed mode of production (the economy). Whether the relationship between the state (the mode of domination) and the economy (the mode of production) is specified in functional or non-functional terms is irrelevant given that the former’s external appearance is taken for granted before any discussion begins.

Traditionally, Marxist theories of the state have been based, “superficially at least”, on a similar distinction. In the words of Abrams, “most varieties of Marxism assume that adequate political analysis must, as Marx put it, proceed on the basis of ‘the actual relation between the state and civil society’”. Furthermore, even when writers, such as Nicos Poulantzas, “overtly reject this framework they do so only to substitute for the separation of the state and civil society a problematic formulated as ‘the specific autonomy of the political and economic’ within the capitalist mode of production”.¹¹³ In a manner not

¹⁰⁹ Holloway, 1994, p.52.

¹¹⁰ Abrams, 1988, p.59.

¹¹¹ Premised on a conception of the mode of production which, in the words of Althusser (1979, p.97), is “constituted by a certain type of complexity, the unity of a structured whole containing levels or instances which are distinct and ‘relatively autonomous’ ... fixed in the last instance by the level or instance of the economic”, the model of structural causality, under the guise of a rigid dualism between the mode of production and the social formation, sought to avoid a ‘crude economism’, whilst maintaining a mechanical understanding of the ‘base’ and ‘superstructure’ at the level of society.

¹¹² see Mouzelis, 1990, pp.73-79 and 97-103.

¹¹³ Abrams, 1988, p.59; see Poulantzas, 1969.

dissimilar to political sociology, Poulantzas' aim was to theorise the state as an "autonomous and specific object of science".¹¹⁴ The assumption was that insofar as Marx's *Capital* was primarily concerned with elaborating categories specific to the 'economic level', the task of Marxist political theory it followed, was to develop categories specific to the political - hegemony. As with political sociology, for Poulantzas, a "regional theory of the political" was made possible because of the "characteristic autonomy of the economic and political" in capitalism.¹¹⁵

In the context of development studies, the idea of a "regional theory of the political" was initially taken up and developed by John Saul and Hamza Alavi in contributions on the post-colonial state in Tanzania and Pakistan respectively. Echoing Poulantzas, Saul suggested that whilst "Marxist understanding of African economies has progressed ... political analysis has lagged behind".¹¹⁶ Citing the work of Samir Amin, the point was to complement such categories as 'unequal exchange' with concepts specific to the state in developing social formations. For both Saul and Alavi the state in Tanzania and Pakistan was 'over-developed'. Although concerned with the post-colonial state, the genesis of its so-called 'over-developed' form during colonialism renders their observations relevant to the present study. Briefly, the "superstructure of the state", accomplished through colonialism, was geared towards securing the interests of metropolitan capital. Its principal function therefore, was not to secure the interests of one class against another, but to "exercise domination over all indigenous classes in the colony". Hence, the corresponding superstructure is said to be "over-developed in relation to the structure" it directly presides over: the state apparatus assumes "a new and relatively autonomous existence, which is not paralleled in the classical bourgeois state". Underpinning this disproportionate 'superstructure' was the 'fact' that the state "directly appropriates a very large part of the economic surplus and deploys it in bureaucratically directed economic activity in the name of promoting economic development".¹¹⁷

¹¹⁴ Poulantzas, 1973, p.29.

¹¹⁵ *ibid.*; see Holloway and Picciotto, 1978, p.4.

¹¹⁶ Saul, 1974, p.349.

¹¹⁷ Alavi, 1972, p.61.

The empirical inadequacies of the category of the over-developed state have been adequately dealt with by Colin Leys.¹¹⁸ However, the more important criticism relates to the recurrent theme of the so-called “exceptional” autonomy of the state in developing social formations. Leys’ own attempt to theorise the state in Kenya via a misreading of Marx’s *The Eighteenth Brumaire of Louis Bonaparte* was similarly flawed. According to Leys, bonapartism was characteristic of a form of state corresponding to a society in which the subordination to capital was incomplete. As a model it represented “a purely transitional ... phenomenon [which] may become in some circumstances a generic form of government at the capitalist periphery”.¹¹⁹ For Leys, “Marx’s analysis of bonapartism starts out from the essential fact that in this situation the leader is not the agent of any one class, but enjoys a measure of independence”.¹²⁰ In turn, Leys attributed the same condition of existence to the Kenyatta regime. That is, the primary character of capitalist accumulation in Kenya, meant Kenyatta “must encourage the emerging bourgeoisie, he must speak for the peasantry, he must satisfy the armed forces and the large bureaucracy which serves as his chief power base”.¹²¹ It follows, that whilst the undeveloped character of capitalist accumulation gave the Kenyatta regime an ‘exceptional autonomy’, its transitional content resided in the fact that as indigenous capital began to acquire and assert its dominance, this ‘autonomy’ necessarily diminished.

For Marx, bonapartism, as a form of state, was “not suspended in mid-air” and hence, is incapable of being elevated to the status of a generic concept.¹²² As an historical product, it represented “the most numerous class of French society”, namely “the smallholding peasant”.¹²³ The contradiction of the Bonapartist state lay not in its ‘transitional independence’, but in defending peasant demands for individual property against landed interests, private ownership of the instruments of production by capital, was similarly defended. As an account of the balance of class forces at a particular conjuncture in French history, the principle to take from *The Eighteenth Brumaire* is not one of an autonomous

¹¹⁸ Leys, 1976, pp.41-43.

¹¹⁹ Leys, 1975, p.211.

¹²⁰ *ibid.*

¹²¹ Kamin, 1983, p.223.

¹²² see Sayer and Corrigan, 1987, p.73.

¹²³ Marx, 1852, p.123.

sate resting on a stalemate of class interest, but rather one of the *limits* to the capitalist state form.¹²⁴

As a 'political form', the capitalist state "is a moment of the totality of capitalist social relations" which finds existence as a multiplicity of separate states:

The particularisation of the state, the abstraction of coercion from the immediate process of exploitation, was expressed in a contrasting movement: as the relation of exploitation was liberated from spatial bonds, the coercion which provided the necessary support for capitalist exploitation acquired a new territorial definition.¹²⁵

It follows, that "no national state, rich or poor, can be understood in abstraction from its existence as a moment of the global capital relation".¹²⁶ It is thus invalid to distinguish between 'over-developed' and 'developed states', between 'dependent' and 'non-dependent' states and between 'weak' and 'strong' states. As Bernstein has correctly pointed out, theories of class and state which flow from such categories are often based on the implicit assumption that capitalist development in developed social formations is unproblematic.¹²⁷

In defining the state as a moment of a global relation which is expressed as a multiplicity of nation states, three points need to be made. First, the relationship between the state as a political form and as a particular national state, is in no way essentialist. This is because the latter is not a direct expression of the former (as with a 'capital-logic' approach which seeks to understand state formation as a functional form read-off from the logic of capital accumulation) and because the former has no existence independent of the latter (that is, as a multiplicity of national states). Second, to say that the state plays a key role in securing the reproduction of capital, is not to say that the state and capital must take predetermined forms. Rather, the aim is to break with economic determinism by shifting the point of analysis away from the state as a concrete object and hence, away from the problem of structure, to the contested ground between capital and labour - namely, surplus value production. Third, and related to the second, the tendency to view the state and capital as

¹²⁴ see Sayer and Corrigan, 1987, pp.71-73.

¹²⁵ Holloway, 1994, p.31.

¹²⁶ *ibid.*

¹²⁷ Bernstein, 1979a, pp.93-94.

“teleologically fulfilling each others destinies”¹²⁸ is necessarily rejected on the grounds that it is impossible in logic to abstract such a relationship in a society subject to the contradiction between capital and labour - i.e. state practice is determined as much by the existence of labour as it is by capital.

What then, does it mean to talk of the state as a form of social relation and how in turn, is this structured within the methodology of historical materialism? The error of positivism, Marx outlines in the *Grundrisse*, is that it simply brings outward appearances into an external relationship with one another: “the crudity and lack of comprehension lies precisely in that organically coherent factors are brought into a haphazard relation with one another, i.e. into a purely speculative connection”.¹²⁹ In contrast, Marx presents an alternative mode of investigation which centres on the concept of form. That is, the contradiction between capital and labour appears not as what it is, as a direct relation of exploitation, but as a series of discrete, disconnected ‘things’ - the commodity, money, profit, rent, the state and the economy. According to Marx, the process of capitalist production “gives rise to ... formations, in which the vein of internal connections is increasingly lost, the production relations are rendered independent of one another, and the component values become ossified into forms independent of one another”.¹³⁰ This is true of the purchase and sale of commodities, production and exchange, production and distribution and the circuits of capital¹³¹: “in the developed system of exchange”, Marx wrote, “individuals seem independent ... free to collide with one another and to engage in exchange within this freedom; but they appear thus only for someone who abstracts from the *conditions*, the *conditions of existence* within which these individuals enter into contract”.¹³² One of the tasks of *Capital* was to transcend the constraints of empiricism’s linear causality, which sees only “empirical collisions” between externally related, static spheres.¹³³

¹²⁸ Gibbon and Neocosmos, 1985, p.187.

¹²⁹ Marx, 1858, p.26.

¹³⁰ Marx, 1858, p.169; see also, 1865, p.828 .

¹³¹ Marsden, 1992, p.369; and Marx, 1858, pp.169, 197, 99 and 403.

¹³² Marx, 1858, p.164 (original italics).

¹³³ Marx, 1867, pp.168-169.

As noted, political sociology begins with the so-called autonomy of the state as an established 'fact' and proceeds to construct its relation to society externally through such categories as authority, obligation, rights, domination and/or legitimisation. To use the words of Marx, "it is only the direct *form of manifestation* of relations that is reflected in [people's] brains and not their *inner connection*".¹³⁴ In contrast, materialist analysis begins with society and proceeds to uncover the substantive abstractions which constitute social phenomena in terms of their inner connections. Thus, instead of taking the existence of the state for granted and therefore, focusing on its functions, materialist analysis seeks to uncover what is particular about the social relations of capitalist society which gives rise to their reification as phenomenally distinct economic and political spheres.¹³⁵ Notions of structure and 'laws of development' are replaced by categories which give expression to process and internal social relations. As noted, examples of social forms particular to capitalism include exchange value, wages, prices, profits, the state and the economy. They are forms through which the social relations of capitalist society are actually confronted and as a result, acquire an independent mode of existence.

To dissolve the categories of the state and the economy, is to understand them not as things, but as social manifestations of particular social relations. To use the words of Holloway, "just as in physics we have come to accept that, despite appearances, there are no absolute separations, that energy can be transformed into mass and into energy, so, in society too there are no absolute separations, no hard categories".¹³⁶ It follows that diverse phenomena such as the state and the economy do not exist as externally related entities, but are moments of the class relation through which they are constituted. As Simon Clarke explains: "it is the concept of class relations as being prior to the political, economic and ideological forms taken by those relations (even though class relations have no existence independently of those forms) that makes it possible for a Marxist analysis to conceptualise the complexity between diverse phenomena as forms of fundamental class relations".¹³⁷

¹³⁴ cited in Sayer, 1987, p.93 (original italics).

¹³⁵ see Holloway and Picciotto, 1978, p.18; and 1991, p.112.

¹³⁶ Holloway, 1994, p.26.

¹³⁷ Clarke, 1978, p.42.

The ‘separation’, or ‘particularisation’ of the state is a defining feature of capitalism. Importantly, it is not a question of the state *in capitalism*, but rather one of the social relations of capitalism which allow us to talk of a capitalist state.¹³⁸ As Anderson explains:

the ‘superstructures’ of kinship, religion, law or the state necessarily enter into the constitutive structure of the mode of production in pre-capitalist social formations. They intervene *directly* in the ‘internal’ nexus of surplus-value extraction, where in capitalist social formations, the first in history to separate the economy as a formally self-contained order, they provide by contrast its ‘external’ preconditions.¹³⁹

E.P. Thompson makes the point more firmly with respect to the economy: “the very category of economics - the notion that it is possible to isolate economic from non-economic social relations, that all human obligations can be dissolved except the cash-nexus - was the product of a particular phase of capitalist evolution”.¹⁴⁰ Just as capital exists by virtue of its separation from labour, so too political power exists by virtue of its separation from society in the form of the state. It is in this sense that Lenin, in his much misunderstood *The State and Revolution*, talks of the state as “a power standing *above* society and ‘alienating itself more and more from it’”.¹⁴¹ Furthermore, as Colletti notes, Lenin’s recourse to the need to ‘smash the state’ referred not to “the Ministry of the Interior in flames”, but rather “the destruction of the diaphragm that separates the working class from power”.¹⁴²

¹³⁸ see Colletti, 1972, pp.105-106.

¹³⁹ Anderson, 1974, pp.403-404 (original italics).

¹⁴⁰ Thompson, 1965, pp.82-83.

¹⁴¹ Lenin, 1917, p.388 (original italics).

¹⁴² Colletti, 1972, p.220. That the state represents “the embodiment of alienation” necessarily gives rise to the question of commodity fetishism: i.e. “the process whereby, while *subjective* human or social labour is represented in the form of a quality intrinsic in *things*, these things themselves, endowed with their own *subjective, social* qualities, appear ‘personified’ or ‘animated’, as if they were independent subjects” (ibid, p.78 [original italics]). It follows, that the so-called relative autonomy of the state, its external form of appearance, is but one aspect of commodity fetishism. To use the words of Holloway and Sol Picciotto (1991, p.114), “the state, like other social forms in capitalism (rent, interest etc.) is seen as a ‘thing’ standing apart from other ‘things’, rather than as an historically determined form of the social relation of capital”. The author’s add: “the reproduction of social relations in fetishised form, i.e. in a ‘fantastic form’ which conceals their reality as relations of class domination, is an essential part of the reproduction of ... domination” in capitalism; see also Abrams, 1988.

For Marx, “the abstraction of the state *as such* belongs only to modern times”.¹⁴³ As a “modern product”, it follows that the same abstraction is meaningless outside contemporary society: “equality and freedom”, Marx wrote, “presuppose relations of production yet unrealised in the ancient world and the Middle Ages”.¹⁴⁴ For example, feudalism, according to Marx, was directly political in that, “personal dependence characterises the social relations of material production as much as it does the other spheres of life based on that production”. It follows, that “because relations of personal dependence form the given social foundation, there is no need for labour and its products to assume fantastic forms different from their reality” - that is, “every serf knows that what he expends in the service of his lord is a specific quantity of his own personal labour-power”. This is in direct contrast to a society in which personal relations are “disguised as social relations between things”.¹⁴⁵

The capitalist state emerges with the separation of the needs of labour from the object of labour. Its first function therefore, is to “guarantee exchange as the mediation of production and consumption”.¹⁴⁶ As Geoffrey Kay and James Mott point out, the exchange of commodities and money, as secured through the modern contract, presupposes consent or the exchange of labour power for wages. Consequently, “in a society of equivalents relating to each other through contract, politics is abstracted out of the relations of production, and order becomes the task of a specialised body - the state”.¹⁴⁷ It follows, that domination in capitalism need not be reproduced “anew at the level of the state [i.e. a mode of domination] since it already exists”. That is, political and ideological relations do not reproduce economic relations, “rather they *complement* them as different forms of the same fundamental social relations”.¹⁴⁸ This is not to suggest that the two cannot be distinguished. After all, as Colletti notes, “a work of art or science, such as Balzac’s *Comedie Humaine*, is not the French railway system”.¹⁴⁹ Rather, the domination of capital over the state is not direct, but is mediated through capital’s domination of all social forms. Moreover, “it is

¹⁴³ Marx, 1843, p.32 (original italics).

¹⁴⁴ Marx, 1858, p.245.

¹⁴⁵ Marx, 1867, p.170.

¹⁴⁶ Holloway and Picciotto, 1991, p.124; and Marx, 1858, p.245.

¹⁴⁷ Kay and Mott, 1982, p.83.

¹⁴⁸ Clarke, 1978, p.64 (original italics).

¹⁴⁹ Colletti, 1972, p.11.

only in this mediated way that we can say that the effectivity of the state is subordinate to and limited by the capital relation”¹⁵⁰. The latter is critical if we are to appreciate the limits of the intent to develop as mediated through the colonial state form.

As forms separate in time and space, the categories of state and economy are confronted not as modes of existence of the capital-labour relation, but as forms corresponding to the sphere of circulation. At this level of abstraction, according to Marx, labour and capital meet not as producers and appropriators of surplus value. Rather, they meet in “the exclusive realm of Freedom, Equality, Property and Bentham”:

Freedom, because both buyer and seller of a commodity, let us say labour-power, are determined only by their free will. They contract as free persons equal before the law. Their contract is the final result in which their joint will finds a common legal expression. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to his own advantage ... And precisely for that reason, either in accordance with the pre-established harmony of things, or under the auspices of an omniscient providence, they all work together to their mutual advantage, for common wealth, and in the common interest.¹⁵¹

The immediate contradiction of liberal capitalism and of the corresponding liberal state, centres on the “continual undermining of the appearance of equality of exchange in the sphere of circulation by the inequality in the sphere of production”.¹⁵² It is precisely this contradiction which Marx uncovers in his analysis of the struggles over the length of the working day (see below). Thus, as Holloway and Picciotto note, “the liberal capitalist state is ... engaged in a continual process of upholding the principles of freedom and equality, while constantly modifying their application in practice, in order to overcome the contradictions created by the central contradiction at the heart of the relations of production”.¹⁵³

¹⁵⁰ Clarke, 1978, p.64.

¹⁵¹ Marx, 1867, p.280.

¹⁵² Holloway and Picciotto, 1991, p.128.

¹⁵³ *ibid.*, p.129.

Although the foregoing account of Marx's analysis of the historical genesis of the "political state" is necessarily brief,¹⁵⁴ one qualification remains. As Sayer correctly points out, Marx's "'political state' is best treated as an ideal-type whose 'pure' realisation is rare, and historically contingent" - that is, limited to liberal capitalism and even then, liberal capitalism as articulated by the "radical democratic aspirations" of Hegel and later Bentham, whom he sought to criticise.¹⁵⁵ As Lenin cautioned, "democracy [the liberal capitalist state] is a form of state, *one* of its varieties".¹⁵⁶ Just as the previous section argued that there is nothing necessarily 'non-capitalist' or 'transitional' about household forms of production, that "the development of commodity relations need not mean the development of wage-labour",¹⁵⁷ Marx's analysis of the liberal capitalist state - and the relations of exchange it embodies - needs to be qualified along similar lines. This is not to deny the validity of the conception of the state as a form of social relation. To do so would be to deny the validity of household production as a category giving expression to a particular form of labour's subsumption under capital. Rather, the point is a simple one: to use the words of Burnham, "the notion of the 'autonomy of the state [is] ... pure sophistry".¹⁵⁸ Qualifications aside, the conception of the state as a form of social relation which finds expression as a multiplicity of distinct nation states opens up a number of conceptual possibilities for the study of state practice in developing social formations.

The struggle over the length of the working day is instructive of how the state acquires an historical reality in the process of 'arrogating', or abstracting to itself functions for organising labour. Competition between individual capitals necessitates the intensified exploitation of labour as the sole source of surplus value: it is "the werewolf-like hunger for surplus labour" not "unsurpassed ... by the cruelties of the Spaniards to the American red-skins" which drives capital accumulation.¹⁵⁹ Capital, as Marx explained, "takes no account of the health and length of the life of the worker". That is to say, "under free competition, the immanent laws of capitalist production confront the individual capitalist as

¹⁵⁴ For a more detailed presentation, see Marx, 1843, p.167; Kay and Mott, 1982; Fine, 1984, pp.95-121; Sayer, 1987, pp.83-112; and 1991, pp.56-91; Holloway and Picciotto, 1991, pp.124-141; Bonefeld, 1992; and Burnham, 1995, pp.98-102.

¹⁵⁵ Sayer, 1991, p.91; see also Fine, 1984, pp.66-85.

¹⁵⁶ Lenin, 1917, p.472 (my italics); see also Colletti, 1972, pp.220-221.

¹⁵⁷ Cowen, 1981a, p.125.

¹⁵⁸ Burnham, 1995, p.101.

¹⁵⁹ Marx, 1867, p.353.

a coercive force external to him”.¹⁶⁰ Yet capital cannot exist without labour. The natural limits to the length of the working day (absolute surplus value) and having been reached, the subjection of capital to the “chain of legal regulation”, exposes “capital’s general need, as social relation, for living labour opposed to capital in its real existence as individual capital”.¹⁶¹ In this sense, state formation needs to be grasped as a process whereby “the contradictory unity of surplus value production is processed in a political form”.¹⁶²

Historically achieved structures of the capitalist state are structures imposed on capital and the state by labour, which in turn compel the state to re-direct, indeed re-invent, the way in which labour is to be contained within the context of expanded social reproduction. Household production is the product of one such attempt: “to invest landed property in the state and make wage-labour ‘independent’ for the purpose of immediate consumption”.¹⁶³ ‘Independence’, in this sense, refers not to the negation of commodified labour power and hence, to the negation of capitalism, but rather to ‘protecting’ labour from the excesses of capitalist competition. The state’s mediating role between capital and labour posits its relation to the latter as an instance of labour’s existence in capitalism and, at the same time, its subordination to capital. As Bonefeld explains: “the tendency of the state to arrogate to itself functions of organising labour power (housing, education, skills, health, living conditions, legal provisions), and likewise the processing of the aspiration of the working class within the historical limits of capital and the state, is restricted by the state’s own precondition: surplus value production and domination by capital”.¹⁶⁴

The premise that the state acquires an historical reality (as a particular nation state) in the process of arrogating to itself certain functions, contains an important global dimension: “all national states are defined, historically and repeatedly, through their relation to the totality of capitalist social relations” at a global level.¹⁶⁵ As a global relation, capital, mediated in the form of money and/or commodities, is mobile. This contrasts with the territorial definition of the nation state. It follows, that “insofar as the existence of any

¹⁶⁰ *ibid.*, p.381.

¹⁶¹ Bonefeld, 1992, p.119.

¹⁶² *ibid.*

¹⁶³ Cowen and Shenton, 1996, p.151.

¹⁶⁴ Bonefeld, 1992, p.119.

¹⁶⁵ Holloway, 1994, p.32.

national state depends not just on the reproduction of world capitalism, but on the reproduction of capitalism within its boundaries, it must seek to attract and once attracted, to immobilise capital within its territory".¹⁶⁶ Such a conception offers a useful corrective to dualistic notions of exploitation as contained in the centre-periphery bipolarity, in that, the contradiction between the mobility of capital and the immobility of the nation state finds expression in "the (extremely unequal) competition between ... [states] to attract to their territories (or retain within their territories) a share of global surplus value".¹⁶⁷ In this sense, all national states share an interest in the production and circulation of surplus value (the exploitation of labour). However, writing in the context of the contemporary crisis in the neo-liberal state, Holloway down-plays the national state's role in structuring the form through which labour's attachment to capital is mediated. As Bonefeld notes, "the constitution of the world market turns into the premise of the imposition of work in national economies".¹⁶⁸ In the period of late-colonialism, the movement of capital in Papua New Guinea was discriminatory, in the sense that it was "activated and coerced by the state" as part of its larger plan to extend commodity relations to indigenous households.¹⁶⁹ The argument which follows seeks to link the foregoing conception of the state form and the structuring of household production in Papua New Guinea - that is, the dominant manifestation of the "imposition of work" - with a particular agrarian doctrine of development. It was through this doctrine that labour's relationship with the state and capital acquired an historically constituted social form.

2.4

Cowen and Shenton and the Modern Doctrine of Development

The state becomes developmental when the intent to develop is made explicit in state practice. This is not to suggest that development, however defined, will result. Such a linear conception between developmental intent, as embodied in state practice, and capital accumulation (the actual process of development taking place), "assumes the state has the

¹⁶⁶ *ibid.*, p.34.

¹⁶⁷ *ibid.*, p.35.

¹⁶⁸ Bonefeld, 1992, p.113.

¹⁶⁹ In the context of Kenya, see Cowen, 1981a, p.138.

capacity to execute policy”.¹⁷⁰ As Kay correctly points out, to approach the practice of development within the domain of state policy, is to treat “the shortcomings of the state as the result of political corruption and administrative incompetence”. The policy approach, Kay continues, “tends to take the political capacity of the state to execute policy for granted, and raises questions in terms of what governments should do rather than what states can do”.¹⁷¹ Such an approach to state development practice assumes that the intent to develop and the process of development taking place are synonymous, so that once the latter is a ‘physical reality’, the former is somehow made less abstract and more concrete. However, in treating intent and process as complementary, so that any departure from the values expressed in the former is seen as the result of administrative failure, the actual “origin of the *intention* to develop is omitted from discussion”.¹⁷²

For Cowen and Shenton, this omission, by “truncating development’s historical domain”, finds expression in the exorcism of the critical sense in which the idea of development “emerged in the nineteenth century as a counterpoint to ‘progress’”.¹⁷³ Recasting this tendency has been the immediate focus of their remarkable research agenda which links the practice of development in Africa, in particular its attempt to secure labour’s ‘independence’ from capital for the purpose of immediate subsistence, to the conceptual roots of the idea of development in nineteenth-century Europe and its emergence as a response to the destructive tendencies of capitalist development - the dissolution of ‘community’, poverty and the emergence of a relative surplus population.¹⁷⁴

Underpinning Cowen and Shenton’s thesis is the distinction, already noted, “between development as an immanent, unintentional process as in, for example, the ‘development of capitalism’, and development as an intentional activity, such as in ‘sustainable

¹⁷⁰ Kay, 1993, p.1.

¹⁷¹ *ibid.*

¹⁷² Cowen and Shenton, 1996, p.440 (original italics).

¹⁷³ Cowen and Shenton, 1995, p.29.

¹⁷⁴ see Cowen and Shenton, 1991, 1991a, 1994, 1995, 1996, 1998, 1998a and 1998b. Cowen and Shenton’s book, *Doctrines of Development* (1996), has been variously described “as a counterweight to some recent development writings by post-modernists and post-structuralists”; “an account of the history of development thinking which will deservedly come to be seen as a classic in its field”; “a truly original and path-breaking piece of scholarship”; and “the first really effective history of the idea of development”; see Morris, 1996, p.200; Corbridge, 1997, p.220; Hewison, 1998, p.93; Brown, 1996, p.335.

development”¹⁷⁵. To expand, process, as in the development of capitalism, implies destruction: “logically”, Cowen and Shenton write, “it is difficult to understand how it is possible for development to be intended without the belief that destruction will create improvement, the purpose of the intent to develop”¹⁷⁶. As Marx wrote of British imperialism in India: “England has to fulfil a double mission ...; one destructive, the other regenerating - the annihilation of the old Asiatic society and the laying of the foundations of western society in Asia”¹⁷⁷. Marx’s writings on India were not so much eurocentric, but rather being solely concerned with the restricted ‘necessity’ of capitalist expansion, they were devoid of development doctrine.¹⁷⁸ This is in contrast to an intellectual tradition linking the Saint-Simonians, German idealism and British ‘socialism’, where the modern idea of development “is based upon the reversal in the order of the positive and negative dimensions of development as a process”¹⁷⁹. It was concern for the destructive dimensions of capitalist development, the fact that it came “into the world ... dripping from head to toe, from every pore, with blood and dirt”,¹⁸⁰ that constituted the starting point for the modern idea of development. As Cowen and Shenton explain: the “intention, here, was to give order to a particular process of development, the development of capitalism, which, it was believed, embodied no developmental purpose and whose destructive dimension was poverty and the unemployment of the potential of productive power”¹⁸¹.

As the conscious intent to bring order to the processes of primary capitalist accumulation, the idea of development is necessarily constructivist. It is predictable therefore, that central in its formation was the work of intellectuals such as the Saint-Simonians, Auguste Comte and J.S. Mill. For the purpose of illustration, elaboration on the first two is important, not only because their respective theories of trusteeship situate the ‘problem development’ in its appropriate historical framework, but also because their

¹⁷⁵ Cowen and Shenton, 1998, p.50.

¹⁷⁶ Cowen and Shenton, 1996, p.ix.

¹⁷⁷ Marx, 1853, pp.217-218.

¹⁷⁸ A similar absence underpins Marx’s (1867, p.91) imperfectly understood statement in the *Preface* to the first German edition of *Capital* that “we [Germans] suffer not only from the development of capitalist production, but also from the incompleteness of that development”. That is, capitalist development generates impoverishment, whilst creating the conditions for its own negation; see also Cowen and Shenton, 1996, pp.58-59.

¹⁷⁹ Cowen and Shenton, 1996, p.ix.

¹⁸⁰ Marx, 1867, p.926.

¹⁸¹ Cowen and Shenton, 1996, p.ix.

ideas, in particular those of Comte, came to heavily inform British Fabianism, which in turn had a major impact upon official colonial policy in Africa and the Pacific.

The Saint-Simonian distinction between organic and critical epochs is well known.¹⁸² The first refers to a state in which “all the events of human activity are classified, foreseen, and arranged according to a general theory; the goal of all social action is closely defined”. In contrast, the second corresponds to a state in which “all communion of thought, all collective action, and all co-ordination has ceased, and society appears as a mere agglomeration of isolated individuals fighting one another”.¹⁸³ Whilst acknowledging the revolutionary potential of political economy in eliminating past forms of organic power, the Saint-Simonians criticised notions of *laissez faire* for conflating the egoism characteristic of primary capitalist accumulation (the ensuing critical epoch) with what was needed for the restructuring of social order in the new organic epoch: “the apostles of liberty ... regard the struggle of these people and of their leaders as a condition of human nature; they make the ultimate discovery that society has nothing further to hope now that *mistrust has been regulated by law*”.¹⁸⁴ For the Saint-Simonians, the principle victim of *laissez faire* was “the worker who lives by his hands”:

let us add now that the basic principle *laissez faire, laissez passer* supposes that personal interest is always in harmony with general interest, a supposition contradicted by innumerable facts ... Printing is taken as an example, and it is established that it employs more men today than the copyists that ever were before its invention. Soon the conclusion is drawn that everything ultimately evens itself out ... What shall we do with the thousands of famished men until this levelling is completed? Will they take their misery patiently because statistical calculations prove that in a certain number of years they will have bread.¹⁸⁵

Laissez faire and not capitalism, was thus for the Saint-Simonians the source of social disorder. Not only did it produce “thousands of famished men”, but it continually posited over-production as a ‘normal’ state of competition between capitals and between capital

¹⁸² see Iggers, 1972[1828-1829], pp.1-25.

¹⁸³ *ibid.*, p.4.

¹⁸⁴ *ibid.*, p.5 (original italics).

¹⁸⁵ *ibid.*, p.14.

and labour: “when there is a rumour that a certain branch of production offers good possibilities, all enterprise and capital flow in that direction; everyone hurries there blindly”.¹⁸⁶ The corollary was a “death struggle” in which “a few fortunate ones triumph - but at the price of the complete ruin of innumerable victims”. For the Saint-Simonians, ameliorating disorder rested with social trusteeship. As Cowen and Shenton explain:

the remedy for disorder lay with those who had the capacity to utilise land, labour and capital in the interests of society as a whole. Property was the major obstacle to this programme. ‘Idle owners’ entrusted the instruments of production to the ‘hands of a skilful worker’ and reaped the profits. The Saint-Simonians argued that this evil could only be overcome if property was placed in the hands of ‘trustees’ chosen on the basis of their ability to decide where and how society’s resources should be invested.¹⁸⁷

These trustees were to be the banks: “they serve as intermediaries between workers, who are in need of the instruments of work, and owners of these instruments who either cannot or do not want to use them”.¹⁸⁸ Through their intervention “the instruments of work circulate more easily, are less exposed to remaining idle, are offered more - to use the expression of the economists - a practice that results in a competition for workers on the part of the capitalists which, while not ideal, at least benefits the workers”.¹⁸⁹ Given the Saint-Simonians treatment of the instruments of work in isolation from the social relations which give them meaning, it was predictable that trusteeship, as the means to ameliorate the destructive effects of primary capitalist accumulation, was to be secured *vis-à-vis* the administration of ‘things’ - money, commodities, labour and the means of production.

According to Cowen and Shenton, “Comte completed the invention of development which his Saint-Simonian colleagues had begun”¹⁹⁰. Briefly, “Progress”, according to Comte, “may be regarded simply as the development of Order”.¹⁹¹ The task of sociology

¹⁸⁶ *ibid.*, pp.13-14.

¹⁸⁷ Cowen and Shenton, 1995, p.34.

¹⁸⁸ Iggers, 1972[1829], p.103.

¹⁸⁹ *ibid.*, p.104.

¹⁹⁰ Cowen and Shenton, 1996, p.27.

¹⁹¹ cited in *ibid.*, p.28.

was to discover the “laws of social evolution” and to formulate a corresponding theory of social equilibrium (Order):

The only ground for discussion is whether development and improvement - the theoretical and the practical aspect - *are one*; whether development is necessarily accompanied by a corresponding amelioration, or progress, properly so-called. To me it appears that the amelioration is as unquestionable as the development from which it proceeds, provided we regard it as subject, like the development itself, to limits, general and special, which science will be found to prescribe.¹⁹²

The subject of development was thus the amelioration of disorder. Comte, like the Saint-Simonians, was critical of the “apostles of liberty” for failing to reconcile progress and order. For him, *laissez faire* “systematis[e]d anarchy” insofar as the political economists set up “as a dogma the absence of all regulating intervention”.¹⁹³ As a result, human advancement or progress, “the ‘practical aspect’, had been stilted ... because development, the ‘theoretical aspect’, had failed to reconcile progress with order”.¹⁹⁴ For Comte, progress in human society was analogous to the laws of nature, that is, “restless and inconstant, consisting of disparate events and uneven forces of history”. Development, in other words, was posited as synonymous with a pre-determined notion of social equilibrium. Moreover, development, as immanent progress, was not allowed to simply unfold, but had to be managed. Management (or trusteeship) was thus central to the invention of development.

The problem of industrial society centred on “capital and exchange”. For Comte the transhistorical condition of labour (including the ‘labour’ of capital) was selfish in that, the pursuit of immediate needs fosters egoism. Labour becomes unselfish when “life assumes a social character, though it be only through the life of the family”.¹⁹⁵ For Comte, it was accumulation, evenly distributed, which transformed selfish into unselfish labour. It follows, that “the social task of trusteeship was to moralise the capitalist, who, through monopolising the ownership of the means of production, used capital wastefully”.¹⁹⁶ The impoverished proletariat, dispossessed of the instruments of labour, was for Comte, the

¹⁹² cited in *ibid.* (my italics).

¹⁹³ cited in Coser, 1971, p.25.

¹⁹⁴ Cowen and Shenton, 1996, p.28.

¹⁹⁵ cited in *ibid.*, p.32.

¹⁹⁶ Cowen and Shenton, 1991, p.154.

product of the failure to reconcile progress with order, that is, to achieve development. At the level of day-to-day trusteeship, Comte followed the Saint-Simonians and posited the banks as the means through which the instruments of production could be 'socialised'. Further, an additional level of trusteeship was posited, consisting of people "expert in positive thought" and who were to be given the responsibility for realising the social character, or 'values', implicit in the idea of 'community', as defined according to the trustee.

As noted, trusteeship "is the intent expressed by one source of agency to develop the capacities of another". It is "what binds the process of development to the intent of development".¹⁹⁷ Attempts to redress the negative consequences of capital accumulation - poverty and the emergence of a surplus population - are "artifacts of intentional development" which, when attached to state and realised through state practice, constitute a particular *doctrine of development*. Central is the idea of community, derived from the state, and whose 'values' development is invoked as realising.¹⁹⁸ The extension of the modern idea of development to the colonies reflected a common presumption, held by Liberals, Fabians and Idealists, that there existed in Africa a natural community of "small peasant proprietorship" which required protection from the disintegrating effects of primary capitalist accumulation.¹⁹⁹ Of this complex coming together of ideas, it is those associated with the Fabians which concerns us here.

Fabianism refers to a variant of anti-Marxist 'socialism' which was formed in Britain in the late nineteenth-century and which was particularly influential in the restructuring of late-colonial state practice in Africa and the Pacific.²⁰⁰ Substituting Marx's labour theory of value with a single-factor theory of rent,²⁰¹ the Fabians sought "to modernise Comte's thought by bringing it into line with emerging theories of marginal utility and productivity and to demonstrate how social trusteeship could orderly redistribute profits in excess of what was necessary to reproduce the wealth of the community in the name of humanity".²⁰²

¹⁹⁷ Cowen and Shenton, 1996, p.x.

¹⁹⁸ *ibid.*, p.57.

¹⁹⁹ Lee, 1988, p.188; Cowen and Shenton, 1996, pp.291-292.

²⁰⁰ see Lee, 1988, pp.170-192.

²⁰¹ For a detailed account of the various Fabian theories of rent, see Bevir, 1989, pp.313-327.

²⁰² Cowen and Shenton, 1991, p.155.

Leading Fabian Sydney Olivier, was critical of the distinction drawn by the radical land nationalisers, “that capital, unlike land, is created by labour, and is therefore a proper subject of private ownership, while land is not”.²⁰³ Olivier countered that capitalists, like the landowner, received in the form of rent an unearned increment independent of their ‘labour’. First, capital monopolises the instruments of production and so extorts a rent from labour which requires access to them, in order to reproduce their subsistence. Second, Olivier argued that “capital is not owned by those who produce it, but is merely stored land rent which, insofar as it is the result of labour, not natural or social advantages, is revenue drawn by the landlord from others’ labour”.²⁰⁴ In the context of positing a theory of social trusteeship, the Fabian theory of rent, at least as it was articulated by Olivier, had a predictable corollary:

Bankers or traders, who could not be made moral as altruistic owners of capital, were not to be given the function of becoming trustees of society, any more than landlords could be trusted to fulfil their social obligation to make land productive and at the same time keep labour employed without destitution. Rejecting bankers as a self-interested party who could not be trusted to act impartially, the Fabians fell back upon state officials who did have the potential to be positively enlightened or ‘permeated’ by Fabian thought, in the image of their own version of Comte’s ‘positivist priests’, and so become society’s trustees.²⁰⁵

The state then, was to be the instrument of trusteeship. Importantly however, it was the administrative potential of the state and not appeals to expanded democracy, which for the Fabians would turn social obligation into trusteeship. As George Cole explained in outlining the position of Fabian’s Beatrice and Sidney Webb: “their dislike for disorder and unity thinking and ... their opposition to Syndicalism disposed ... [them] to lean over towards bureaucracy”.²⁰⁶

Central to the Fabian theory of social parasitism was a conception of social evolution which centred on the social organism. Individual societies, European, Indian and African

²⁰³ Olivier, 1888, p.3; see Bevir, 1989, p.320.

²⁰⁴ Bevir, 1989, p.321; see Olivier, 1888, p.15.

²⁰⁵ Cowen and Shenton, 1991, p.155.

²⁰⁶ Cole, 1949, p.280.

were regarded as qualitatively different social organisms subject to different laws and timetables of development.²⁰⁷ As was made explicit in Olivier's, *White Capital and Coloured Labour*, and Leonard Woolf's, *Empire and Commerce in Africa*, unfettered capitalism, epitomised in notions of 'developing the imperial estates', was highly deleterious to social order and progress along the evolutionary path of the ('African') social organism.²⁰⁸ As Francis Lee explains: "both Olivier and Woolf were at pains to point out that ... the imposition of an alien economic system and its corollary of a particular set of social relations of production, would tend to have a disintegrating effect upon the social fabric of tribal life bringing about demoralisation, destitution and finally social disintegration".²⁰⁹ The threat of poverty and the emergence of a surplus population was not however, restricted to capital's penetration of the colonies. On the contrary, as suggested in the Webb's, *The Decay of Capitalist Civilisation*, Britain was itself "diseased". In terms of the structuring of colonial trusteeship, the conclusion was again predictable. According to Cowen and Shenton:

for Olivier as for many radicals, it was the past development of capitalism in Britain through which the image of a capitalist future in Africa could be projected. It was a fear of this more general and deeper disorder in the sense of the disintegrating effects of unrestrained capitalism upon a supposed African 'community', which lies behind Phillips' account of the specific fear of social disorder in Africa.²¹⁰

The above reference to Anne Phillips is important. Her book, *The Enigma of Colonialism*, argues that if the initial aim of colonial policy in West Africa was to create a social order facsimile to that which it existed in Britain, then it failed. In situating this failure, and the ensuing "makeshift settlement", attention is drawn to a specific feature of colonial administration:

The fundamental fact was that no free labour market existed, and the state was incapable of establishing one. It feared the development of such a market as a threat to the political order which, by the twentieth century, centred around alliances with local chiefs.

²⁰⁷ Cowen and Shenton, 1991a, p.41.

²⁰⁸ *ibid.*; see also Olivier, 1906, pp.90-98; and Woolf, 1920.

²⁰⁹ Lee, 1988, p.176.

²¹⁰ Cowen and Shenton, 1991a, p.41.

The colonial states were not sufficiently secure in their control to be able to countenance the degree of coercion required for full-scale 'development of the estates', and in this context, gradually withdrew from their earlier commitment to foreign capital.²¹¹

The solution to this implied weakness in colonial administration, found expression in the recourse to a 'preservationist' programme centred on the attachment of rural households to the land. According to Phillips: "trapped between the impossibility of a working class on the one hand, and the many difficulties of forced labour on the other, the colonisers came up with the magical solution of a thriving peasantry".²¹² Similar, albeit less powerful arguments, inform the Papua New Guinea literature. Fitzpatrick, for example, suggested that the preservation of traditional forms of land tenure not only secured conditions which allowed capital to pay for labour power below its cost of reproduction (the subsidy thesis), but reflected the fact that the "Australian colonists, with some accuracy ... perceived their position as weak and precarious".²¹³ For Fitzpatrick, the creation of a Papua New Guinea peasantry had the desired effect of "countering ... potentially disruptive class organisation", in particular the emergence of a "detrified", landless proletariat.

A fear of class organisation and revolt can only make sense in the context of the contradiction between capital and labour. That the "landless proletariat", "the displacement and dispossession of natives", entered into the official language of the state in Papua New Guinea,²¹⁴ reflected not so much a fear of class organisation, but rather a deeper fear of which the urban proletariat was seen as a direct expression. As Cowen and Shenton argue in qualifying Phillips' thesis: "disorder did not simply mean the fear of colonial 'unrest', but the replication of the social order in the sense of the shattering of 'morality' and 'community' which was seen by British radicals and Fabians, such as Olivier, as the necessary consequence of the 'competition' inherent in the development of capitalist social relations".²¹⁵ The same qualification needs to be made with regards to Papua New Guinea.

²¹¹ Phillips, 1989, p.50; and Cowen and Shenton, 1991a, p.36.

²¹² *ibid.*; see also Leys, 1996, p.137.

²¹³ Fitzpatrick, 1981, p.72.

²¹⁴ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.9.

²¹⁵ Cowen and Shenton, 1991a, p.38.

For example, Minister for Territories Paul Hasluck, confessed to being suspicious about “projects that called for [the] permanent transference of labour”. In justifying this suspicion, the image invoked was not one relating to the realities of primary capitalist accumulation in Papua New Guinea, but one read-off from nineteenth-century England. “Musing on economic history”, Hasluck reflected, “one reflects that the ... most deplorable consequences in the nineteenth century of the industrial revolution, such as depressed labour, slum dwellings and class enmities, followed actions that were regarded as worthy steps of economic progress”.²¹⁶

Insofar as the negative consequences of capitalism - poverty, landlessness and the dissolution of ‘community’ - are regarded from the standpoint of the monopolisation by capital of the instruments of work, including land and labour, peasant production emerges as a direct corollary of the intent to secure labour’s ‘independence’ from capital for the purpose of subsistence. In this sense, intentional development, when attached to state plans for the expansion of smallholder agriculture, corresponds to a “long-standing *agrarian doctrine of development*”.²¹⁷

“Whereas the *idea of an immanent process* of development conveys the impression of a fluidity of movement from the old to the new, the aim of an *intentional agrarian doctrine* of development is to renew the ‘old’, to use state policy in an attempt to confront, compensate and preempt the fluidity of the ‘new’, by locking up population in the countryside for the purposes of renewing the agrarian conditions of development”.²¹⁸ In this sense the ‘old’ appears not as what it is, but rather in contrast to what the ‘new’ threatens to be. It follows that if the ‘new’ posits as a negative consequence the emergence of a relative (‘detrified’) surplus population, then the ‘old’ by definition is posited in terms of households engaged in agriculture. As the first post-war Director of Agriculture for Papua

²¹⁶ Hasluck, 1976, p.326. Keith McCarthy (New Guinea Patrol Officer and later Director of District Services and Native Affairs), in his *Patrol into Yesterday* (1964, p.128), noted that in comparison to the “slum-dwelling town African in his shanties” the “New Guinea man still owned his land and a bountiful nature gave him food for little effort”. However, he admitted to wondering “how long it would last, how long before the urge to advance would tie primitive New Guinea man to the cash economy that could be more brutal than the popular conception of savagery”.

²¹⁷ Cowen and Shenton, 1998, p.50 (original italics).

²¹⁸ *ibid.* (original italics).

New Guinea, W. Cottrell-Dormer put it: “a satisfactory standard of living is best provided by mixed farming on individual small-holdings capable of producing adequate subsistence for a man and his family and, in addition, sufficient cash crops to obtain the money necessary to him for the satisfying of his other wants”.²¹⁹

That Cottrell-Dormer’s vision of “individual smallholdings” ran counter to existing patterns of indigenous agriculture and land tenure, is indicative of the fact that the agrarian doctrine stems not from an explicit agrarianism, but from a particular idea of development shaped more by capitalism than by notions of tradition. Prior to coming to Papua New Guinea, Cottrell-Dormer worked as the Director of Agriculture for Tonga. For him, this small social formation represented a “native Utopia” which, although “not developed industrially to the extent that the Western mind might desire”, had “something equally precious”, namely “a stable social structure based on a family unit which is reasonably secure and free from want”.²²⁰ The stability of the ‘old’, it follows was posited in antithesis to the instability of the ‘new’, in particular the “landless proletariat”. Importantly, as Cowen and Shenton note, “because this ‘given’ of the old may well be and often is mythical, there is little to inhibit inventing of ‘new’ methods of production or forms of social organisation within this mythical old”²²¹ - as for example, the production of commodities for export and the organisation of labour and production in the form of co-operatives.

Central to, indeed inseparable from, the agrarian doctrine of development, is trusteeship. Writing on smallholder agriculture in West Africa, the first post-war Administrator of Papua New Guinea J.K. Murray, was critical of “low-efficiency peasant production” in which “extensive cash-crop production has been associated with primitive agricultural methods”. The result, according to the Administrator, “has been a serious drop in nutritional standards through neglect of subsistence crops, and a frightening dissipation of precious resources, without anything like a satisfactory gain to the native producer”.²²² For

²¹⁹ Proposed Policy and Working Plan for the Department of Agriculture, Stock and Fisheries, in Respect to Native Agriculture: ANU Stanner Papers on Papua New Guinea 1946-1966, p.4.

²²⁰ *ibid.*, p.1.

²²¹ Cowen and Shenton, 1998, p.51.

²²² Murray, 1949, p.54.

Murray, the indigenous 'community' had the potential for increased productive effort, albeit by "gradual" means.²²³ However, as with the Fabians in Africa, "this potential was seen as realisable ... only through state administration".²²⁴ As Murray explained: "the policy of the Administration is to provide the framework of physical development and administrative services which will enable the native to become an independent producer for export".²²⁵ The "archetype" of peasant conservatism was thus to be negated by the insertion of indigenous households into state-supervised plans for expanded commodity production.

As state policy directed at administrating the conditions of agrarian production and reproduction, the agrarian doctrine, Cowen and Shenton argue, "ranges far wider than some ideology which attempts to secure the defence of small property". As intentional activity, it "stands in the lineage of radicalism which has searched for an ideal construction of capitalism, rather than as an activist defence against a capitalist development process".²²⁶ The policy of defending of 'small property', an important platform shared by both Fabians and Liberals, and which in Papua New Guinea found its fullest expression under Hasluck's trusteeship, sought to check indigenous landlessness, by extending the 'right' to labour-power to include the 'right' of property, or the 'right' of producers to reproduce household consumption. It follows, that as intentional activity, "the agrarian doctrine has a greater affinity with constructions of liberalism than with the populist and romantic movements of socialism".²²⁷

²²³ Gradualism was justified (within the precepts of the agrarian doctrine) on the basis that "to attempt to introduce within a few years all the change required to raise primitive agriculture to modern levels of efficiency would require the imposition on the people of a compulsory agrarian revolution, which would certainly have undesirable political repercussions and might, even so, fail"; Murray, 1949, p.54.

²²⁴ Cowen and Shenton, 1998, p.52.

²²⁵ Murray, 1949, p.53.

²²⁶ Cowen and Shenton, 1998, p.51.

²²⁷ *ibid.* For example, in the Australian House of Representatives, Hasluck defended restrictions to land alienation by settlers on the grounds that "the liberal respect of property ... is a respect for a small property no less than a respect for a large property and this respect means the constant protection of the small man and not merely an encouragement to the strong". He added: "I assert that the private enterprise of every native villager is just as sacred to liberalism as is the private enterprise of any European who may have established a business there"; *Commonwealth Debates*, 30 September 1959, pp.1574-1575.

Doctrines of development, agrarian or otherwise, exist as functions arrogated by the state for organising labour power. It is through state practice, under the guise of trusteeship, that intentional development is “given priority over the actual process of change”. Trusteeship thus presupposes the capitalist state form, yet at the same time, it is restricted by the latter’s own preconditions: “surplus value production and domination by capital”. Thus, in the words of Cowen and Shenton, “if it is the state which makes the doctrine of development possible, it is the development of capitalism which stands between the ultimate values of development theory and the application of development doctrine”.²²⁸ At no point is the negation of wage labour considered and hence, development doctrine echoes what Marx saw as implicit in all the “good bourgeoisie”:

They all want competition without the lethal effects. They all want the impossible, namely the conditions of bourgeois existence without the necessary consequences of those existence.²²⁹

2.5

Conclusion

This thesis is essentially an historical study of the agrarian doctrine of development as it unfolded in Papua New Guinea during the period of late-colonialism. In this the first substantive chapter, the aim has been to elaborate the principal categories through which this study is organised. It has been argued that the colonial state, as a form of state in capitalism, arrogates to itself the function of organising labour power and hence, the “imposition of work” within a particular social formation. This imposition however, does not necessarily embrace the imperialist ambitions of metropolitan, merchant and/or plantation capitals. On the contrary, as MacWilliam explains in the context of Papua New Guinea: “checking the expansion of settlers and plantation companies, placing price controls on trading firms, and limiting the recruitment of labour for wage employment have been significant in keeping households attached to land”.²³⁰ Studies preoccupied with the

²²⁸ Cowen and Shenton, 1996, p.474.

²²⁹ cited in Levin and Neocosmos, 1989, p.239.

²³⁰ MacWilliam, 1992, pp.133-134.

supposed subordination of indigenous labour to trading and/or plantation capitals, thereby positing the ascendancy of smallholder production in terms of its supposed contribution to lowering the cost of labour power, ignore the qualities of state power which secured household labour as the principle form of labour's subsumption to capital. Importantly, this structuring of state policy against indigenous landlessness reflected a broader doctrine of development: insofar as the "landless proletariat" entered into the official language of the late-colonial state, it reflected not so much a fear of class organisation, but rather a deeper fear centred on the disintegrating effects of capitalist development on indigenous social life and 'community'. As Hasluck stated: "care has been taken ... to see that the native social order is not changed too rapidly by the breaking up of the chief social unit - the village - or by destroying those elements that give coherence to native society". In this context the 'old' appears not as what it is, but rather in contrast to what the 'new' threatens to be: "casual labour", Hasluck instructed, "should be discouraged whenever it leads to the prolonged absence of natives from their own villages and their own families and whenever it tends toward congregation in the urban areas of groups of 'foreign' natives or the building up of semi-permanent groups of landless natives at an early stage of social advancement".²³¹

The dominance of smallholder production in Papua New Guinea is thus to be sought in the formation and application of the agrarian doctrine of development. Importantly, insofar as the agrarian doctrine conforms more to an ideal construction of capitalism (as opposed to the negation of capitalist development), indigenous households engaged in the production of export and subsistence commodities are here regarded as the dominant form of labour's subsumption to capital. To reiterate an earlier point, the "development of commodity relations need not mean the development of capitalist social relations based on wage-labour".²³² In situating itself between smallholders and international capital, surplus value production by indigenous households was secured by virtue of the state's control of the scheme of smallholder development. This mediating role was given in the state's position *vis-à-vis* money capital and hence, its control over the formal and real subsumption of labour to the latter.

²³¹ Hasluck, Native labour Policy, 23 April 1965: AA M1776/1 Vol.9.

²³² Cowen, 1981a, p.125.

Part Two:

Australian Colonialism and Late-Colonial Administration

Chapter Three

Post-War Reconstruction and the Doctrine of Trusteeship for Papua New Guinea: the International Context

3.1

Introduction

As already mentioned, the primacy of rural household production in Papua New Guinea has its origins not as a consequence of its supposed pre-adaptiveness to previously existing (non-capitalist) social relations,¹ nor in its external, subsidising, effect on capital accumulation.² Rather its origins lie in the changing politico-economic realities of post-war global capitalism and the corresponding shift to social trusteeship which, in transmitting metropolitan ideas on state-sponsored welfare to the colonies, sought to reconcile indigenous welfare with strategies for expanded commodity production. As a memorandum to the Minister for External Territories P.C. Spender (1949-1951), explained: “welfare and development are not opposed, but [are] complementary conceptions”. The memorandum concluded, the “basic problem” of colonial trusteeship for Papua New Guinea related to “reconciling the demands of development and welfare and establishing a tempo for [the] development of resources which will benefit [the] inhabitants of [the] territories in the long run and bring no social injury to them”.³

¹ see Goodman, Lepani and Morawetz, 1985, pp.71-83.

² see Fitzpatrick, 1980, pp.86-87; and 1981, pp.94-96.

³ Pyman, Notes on Memorandum Entitled “Conditions in Papua New Guinea”, undated: AA A1838/283 301/1.

Social injury, in this sense, referred to what was deemed the undesirable effects of capitalist development: the destruction of the 'old' and the emergence of an impoverished surplus population. In primarily rural social formations, particularly those of British colonial Africa and the Pacific Territories, state practice in the period of late-colonialism was re-directed to check in advance the separation of households from the land. Under revised thinking on social trusteeship, the doctrine of colonial development was reworked with the peasant farmer as its object. As W.D. Forsyth⁴ explained in a memorandum dated 10 November 1943: "development by Europeans with native labour is not practicable to any extent and ... it is not in the native interest".⁵ As a form of capitalist production, the plantation system, Forsyth stated, was "doomed from the beginning". Repeating what had earlier appeared in Britain as the 'paramountcy of native interests', Forsyth declared that "native policy" in post-war Papua New Guinea was "to be based on the broad principle that the interests of the natives are paramount and that nothing should be allowed to impinge on this principle". It followed that in place of European enterprise, Forsyth envisaged "a scheme of modified collectivisation *under the direction and control of the government*, with the cultivation of such crops as the world needs":

The native would receive most of the profits but a percentage would be levied for the purposes of native welfare generally. It would be many years before it produced results, and it would require a large expenditure of energy and money. It is, however, the surest way of bringing the native to the full stature of citizenship, for it supplies the necessary objective.⁶

As an officer of the Department of External Affairs, Forsyth had little direct influence on the actual practice of development in Papua New Guinea. However, his notes on colonial reconstruction are significant, in that his recourse to an agrarian doctrine of development for Papua New Guinea flowed directly from the international debate on the colonial question conducted during and after the Second World War. As a participant in this debate, Forsyth played a role similar to British Labour M.P and Fabian, Arthur

⁴ Forsyth held the position of Second Secretary, Pacific Section of the Australian Department of External Affairs. He was Herbert Vere Evatt's (Australian Labor Minister for External Affairs) chief advisor on colonial policy in the Pacific, and on British and American colonial policy in the immediate post-war era.

⁵ Forsyth, Notes on the Rehabilitation and Reconstruction of New Guinea, Papua and Nauru, 10 November 1943: AA CP637/1 44.

⁶ *ibid* (my italics).

Creech Jones. Just as British imperialism in Africa was to be reformulated through the provision of state-sponsored colonial development and welfare, Australia's continued imperial status in the Pacific was justified by tying the provision of welfare and the doctrine of trusteeship to demands for indigenous economic development.

The aim of this chapter is to outline the broader international context in which colonial trusteeship became the medium through which existing tensions in the provision of colonial development and indigenous welfare came to be reconciled. From the above, it should be clear that the argument presented here rejects the depiction of Australian colonial practice as unique, or opposed to, British thinking and methods.⁷ Whilst British and Australian officials disagreed over the terms of their colonial presence, with the former resisting United States led moves to internationalise colonial administration and the latter, arguing for a restricted form of United Nations supervision, this disagreement reflected the belief held by the Minister for External Affairs Herbert Vere Evatt, that the Australian Labour Movement had to satisfy its own conscience about imperialism.⁸ By arguing for a form of international supervision for trustee states, the aim was to clearly distinguish post-war trusteeship from pre-war imperialism, or as Evatt saw it, to force an "advance in English Tory policy".⁹ Ironically however, in the process of reconciling what MacWilliam has recently described as Australian nationalism with British imperialism, an increasingly similar position on colonialism emerged as a predictable corollary.¹⁰ As indicated above, the main point of convergence came in the formulation of an agrarian doctrine of development which sought to reconcile indigenous welfare with expanded rural commodity production, as expressed in the shared commitment to centrally regulated schemes of smallholder agriculture.

What follows is divided into two sections. The first section is concerned with the elaboration of plans for a reformed Australian presence in the Pacific, as articulated at an international level. It is based on previously under-studied material relating to the Australian Department of External Affairs during the initial phases of post-war planning

⁷ Healy, 1986, p.2; see also Ward and Ballard, 1976; and Jinks, 1982.

⁸ see Louis, 1977, p.294; and MacWilliam, 1996, p.31.

⁹ Evatt to Mulrooney, 11 May 1945: AA A3195, 1945.

¹⁰ MacWilliam, 1996, p.30.

for Papua New Guinea. The second section is concerned with the question of economic necessity. It is argued that U.S. led moves to establish a system of multilateral trade and accumulation were resisted by the Australian Labor Government which sought to join “metropolitan economic-strategic interests ... with demands for improvements in indigenous living standards”.¹¹ As with the first part, the second introduces archival material which to date, has not been sufficiently considered in the context of Australian colonial policy.

3.2

Evatt and International Trusteeship: Antecedents of the Australian-New Zealand Agreement (1944)

The Australian presence, first in Papua and later in New Guinea, arose almost entirely out of a concern for defence. From the outset of Australian settlement, Pacific isolation prompted fears concerning the territorial ambitions of other colonial powers in the region. First the French were feared, followed by the Russians and then the Germans. In 1884 Britain acceded to Australian pressure and divided the Island of New Guinea with Germany. This division took place on the undertaking that the larger Australian colonies would fund the United Kingdom’s administration of British New Guinea. This situation changed in 1902 when the task of administration was transferred from Britain to Australia and in 1905, the Commonwealth Parliament passed the *Papua Act* renaming British New Guinea the Territory of Papua.

Germany’s essentially commercial presence in New Guinea ended in 1914 when an Australian naval and military expedition captured Rabaul on the pretext of pre-empting its use as a naval base by the Germans. At Versailles in 1919, Prime Minister William Hughes sought annexation of New Guinea on the basis that for Australia “it was a matter of life and death ... our security can never be assured unless there is full control of these territories, which are the outer bastions of our defence”.¹² Hughes, to use the words of Ian

¹¹ *ibid.*

¹² cited Louis, 1977, p.93.

Downs, “had been a nationalist striving for strategic security with the emotional support of most Australians”.¹³ At Versailles, he was not prepared to give an inch and the Class C Mandate securing Australian control of New Guinea was, according to the first post-World War Two Administrator of Papua and New Guinea J.K. Murray, “invented to satisfy his demands and those of South Africa, permitting a closer association with the metropolitan power than in the case of B Mandates”.¹⁴

Whether the strategic ambitions of Australia in 1884 and 1919 were justified, is not of overriding importance here. The point is, that given the Japanese invasion of New Guinea in December 1941 and Papua in April 1942, it is not altogether surprising that the Australian Labor Government and the Minister for External Affairs encountered a degree of difficulty in “disentangling colonial from strategic interests”.¹⁵ As the Commander-in-Chief (Australian Military Forces), General Thomas Blamey advised Prime Minister John Curtin in 1944:

Australia would have learned nothing from the sacrifices of this war if the world strategic importance of the whole of the New Guinea theatre had not become overwhelmingly obvious to the nation. In such circumstances, the military occupation and administration of the area can be regarded as the first phase of colonial policy and actually inseparable from it.¹⁶

Yet, does this support Brian Jinks’ argument of an implicit failure to break with attitudes of the past, or indeed a basis for a shift in the actual practice of development? Prior to the Japanese occupation, Australia’s strategic aspirations centred on the simple act of possession. As Murray explained: “Australia ... demonstrated that its aims were strategic rather than economic, and that in its view strategic requirements were satisfied without large-scale development”.¹⁷ After 1941 however, shocked by the lack of resistance to the Japanese advance by the colonised peoples of Southeast Asia, possession was no longer seen as constituting the strategic totality it represented for Hughes. The view of the

¹³ Downs, 1980, p.4.

¹⁴ Murray, 1946, p.13.

¹⁵ Jinks, 1975, p.88.

¹⁶ T.A Blamey to Curtin, 4 February 1944, The Situation of the Australian Colonies as at January 1944: VA A742/1 284/1/57.

¹⁷ Murray, 1946, p.13.

Papua New Guinea Administration and of relevant Labor personalities, was that “security may well be wrapped up, to an extent unappreciated by the Australian public, in an adequately conceived and vigorously implemented policy of native welfare”.¹⁸ What distinguishes the initially defensive concerns of the Australian Labor Government after 1941 from previous administrations, was precisely the degree to which strategic interests and the colonial intent to develop became entangled.

Broad proposals by both the Australian and New Zealand Governments concerning the form and terms of their respective colonial presence in the post-war Pacific, although well under-way by 1942, were forced onto the international stage with the signing of the Australian-New Zealand Agreement in January 1944. The Agreement was a product of frustration. Evatt, in particular, resented the failure of the American and British Governments to consult Australia in either the conduct of the war or in the preparations for peace. The Agreement “was striking”, as Trevor Reese notes, “not merely because the two Dominions acted without Britain, but because ... they made independent decisions on matters of major political and international importance in which Britain and other Dominions were vitally concerned and formally took a position *vis-à-vis* not only the United Nations [read the United States], but *vis-à-vis* the United Kingdom and other Dominions as well”.¹⁹ One of the areas designated as a subject of joint concern for the preparation of peace in the South West Pacific, was the question of trusteeship.²⁰ In the section on *Dependencies and Territories*, Articles 26 and 27 articulated the strong territorial ambitions of the two partners. Fearing American domination in the Pacific after the defeat of Japan, the Agreement declared:

26. The two Governments declare that the interim administration and ultimate disposal of enemy territories in the Pacific are of vital concern to Australia and New Zealand, and that any such disposal should be effected only with their agreement and as part of a general Pacific settlement.

27. The two Governments declare that no change in the sovereignty or system of control of any of the islands of the Pacific should be effected except as a

¹⁸ *ibid.*, p.11.

¹⁹ Reese, 1966, p.3.

²⁰ Other areas included: ‘Armistice and Subsequent Arrangements’, ‘Security and Defence’, ‘Civil Aviation’, ‘Migration’, the request for an ‘International Conference relating to the South-West Pacific’, ‘Permanent Machinery for Collaboration and Co-operation between Australia and New Zealand’ and the appointment of a ‘Permanent Secretariat’.

result of an agreement to which they are parties or in terms of which they have both concurred.²¹

Having attempted to reinstate their territorial presence in the South Pacific, the next section of the Agreement dealt with the form in which this presence was to continue. Under the sub-heading, *Welfare and Advancement of Native Peoples of the Pacific*, Article 28 stated: “the two Governments declare that, in applying the principle of the Atlantic Charter to the Pacific, the doctrine of ‘trusteeship’ (already applicable in the case of the mandated territories of which the two Governments are mandatory powers) is applicable in broad principle to all colonial territories in the Pacific and elsewhere, and that the main purpose of the trust is the welfare of the native peoples and their social, economic and political development”.²²

Whilst Article 28 suggested that to a large extent the doctrine of trusteeship, as defined above, was already applicable to the territories held as mandates, the terms of the Agreement went well beyond those secured by Hughes in 1919. Significantly, it committed Australia to applying the same principles of trusteeship to the Territory of Papua to those which had previously been restricted to the Mandated Territory of New Guinea. As Evatt himself declared, “so far as the welfare and development of the peoples of these territories [non-mandates, including Papua] are concerned, there is no essential difference in principle between them and the areas detached from our enemies in the last war and in this war”.²³ The formal objection to the peace-time unification of the two territories was thus removed.²⁴ In addition, Article 31 of the Agreement provided that the South Seas Regional Commission be established with the view of “secur[ing] a common policy on social, economic and political development towards the advancement and well-being of the native peoples themselves”.²⁵

²¹ Australian-New Zealand Agreement: *Appendix to the Journals of the House of Representatives of New Zealand*, Vol.1, 1944, pp.A-4.

²² *ibid.*

²³ Evatt, Territorial Trusteeship Statement, 10 May 1945: AA A1066/4 P145/179.

²⁴ Jinks, 1982, p.91.

²⁵ Evatt, Territorial Trusteeship Statement, 10 May 1945: AA A1066/4 P145/179.

To suggest that Evatt was unable to separate colonial from strategic interests and, as a result, was “embarrassed” at having to present Australia’s case for a special interest in New Guinea before the United Nations,²⁶ belies the fact that in his statements he never contemplated such a separation.²⁷ As Wayne Reynolds points out, “it is quite difficult to sustain the view of a number of commentators that Evatt distrusted European imperialism or that he put the colonial question ‘in a special compartment of idealism’ unrelated to questions of ‘security, strategic interests, or economic or power alignments and rivalries’”.²⁸ For example, in an April 1943 address delivered to the Overseas Press Club, New York, Evatt declared that in extending the principles of the Atlantic Charter to the Pacific, “the first and outstanding principle was that of security”.²⁹ Evatt’s chief advisor on colonial policy was Forsyth, who expressed a similar view. In a draft memorandum dated 15 April 1943, and under the sub-heading ‘Departmental View on Australian Interest in the Colonial Question’, the Second Secretary listed Australia’s national interest as concerning first, “the winning of the war”; and second, “ensuring future security”, for which “stability in the Pacific area is essential”. The Department’s interest in advancing an international position on post-war colonial practice was two-fold:

A Declaration on Colonial Policy might provide a positive general directive for political Welfare in the Pacific. First: Maximum resistance to Japan in Southeast Asia requires a bold statement of United Nations aims. Second: it is necessary also to satisfy public opinion in China, India, the United States and elsewhere in regard to imperialism and the future of the colonies.³⁰

According to Evatt, the question of trusteeship emerged with the realisation that “no world or regional system of security ... can be permanent unless it has an adequate basis in economic justice”.³¹ In this sense, Roger Louis, quoting a New Zealand official at the end

²⁶ see Tennant, 1970, p.197; and Jinks, 1975, p.88.

²⁷ see Evatt, 1945, pp.146-147.

²⁸ Reynolds, 1996, p.153.

²⁹ The Post-war Settlement in the Pacific. Statement made by Rt. Hon. Dr H. V. Evatt, Minister for External Affairs, at the Overseas Press Club, New York, 28 April, 1943. In *Current Notes* 1943, Vol.14, No.5, p.146.

³⁰ Forsyth, Departmental View on Australian Interests in the Colonial Question, 15 April 1943: AA A989 43/735/1021

³¹ The Post-war Settlement in the Pacific. Statement made by Rt. Hon. Dr H. V. Evatt, Minister for External Affairs, at the Overseas Press Club, New York, 28 April, 1943. In *Current Notes* 1943, Vol.14, No.5, p.147.

of the Second World War, suggests that post-war trusteeship was conceived as antithetical to pre-war imperialism.³² Importantly, the latter referred to what was popularly held by both Liberals and Fabians in Britain as the exploitation of the non-western world by the western colonial powers. Epitomising this conception of imperialism was Kenya, with its white settlers and “state-assisted land colonisation”.³³

It is significant that similarities in colonial practice between Kenya and the pre-war administration of New Guinea caused some concern in Australia. Edmund Piesse, an Australian senior public service officer for the Prime Minister’s Office, suggested in 1923 that “we have several problems of native policy in common with Kenya” and that an article by radical Liberal E.D. Morel, criticising the “sterilisation of native development” in East Africa, was applicable “to our own problems in New Guinea”.³⁴ It followed, that whereas development practice in Kenya had become identified as a “betrayal of trusteeship”, the emerging conception of post-war trusteeship as antithetical to pre-war imperialism, was premised on a reversal in the order of priorities, in that, “the duty to develop our European-owned estates” was “reworked to mean the development of African-owned estates”.³⁵ The same reversal in priorities, as indicated by Forsyth’s ‘Notes on the Rehabilitation and Reconstruction’, applied with equal force to Papua New Guinea.

In applying the trusteeship-imperialism antithesis, Evatt declared that the Atlantic Charter and its ‘New Deal’ facade of ‘freedom from want’, translated in the Pacific as “the end of unfair exploitation of weak peoples by those who are stronger and economically more developed”.³⁶ As he explained in a 1945 press release outlining Australia’s position on colonial policy:

It is necessary that powers capable of playing an effective part in maintaining security should be present in this region [the Pacific] until the indigenous people can stand on their own two feet. This goal should be approached by

³² Louis, 1977, p.3 (original italics).

³³ see Cowen and Shenton, 1996, pp.295-296.

³⁴ Piesse to McLaren, 7 November 1923. Commenting on Morel, E.D., ‘Two African Policies’. *Contemporary Review*, September 1923: AA A518/1 F840/1/1 Part. 1.

³⁵ Cowen and Shenton, 1996, p.296.

³⁶ The Post-war Settlement in the Pacific. Statement made by Rt. Hon. Dr H. V. Evatt, Minister for External Affairs, at the Overseas Press Club, New York, 28 April, 1943. In *Current Notes* 1943, Vol.14, No.5, p.147.

progressive steps ... But the conditions of security in this area will not exist unless the peoples are prepared to co-operate with stronger states. To secure this co-operation, it must be made clear that the purpose of administration is their welfare and advancement and their security as well as ours.³⁷

Evatt's reference in 1945 to "unfair exploitation" was not directed at the pre-war Administrations of Papua and New Guinea. Such a claim would not only contradict the statement in the Australian-New Zealand Agreement that the doctrine of trusteeship was "already applicable in the case of the mandated territories which the two Governments are mandatory powers",³⁸ but would also seriously diminish the ANZAC's claim to represent the "trustees for democratic civilisation in the South Pacific". Rather, showing a good sense of the ideological, and the fact that at the time the Allies had "little to offer as an alternative to the Japanese 'co-prosperity sphere'",³⁹ ending "unfair exploitation" meant the destruction of the Japanese system which, according to Evatt, meant that "Japan ... [was] to get the prosperity while the subjected peoples get a lower standard of living and the status of serfs and slaves".⁴⁰ Thus, reconstruction and trusteeship meant creating a system of prosperity for both the subjected peoples and the colonial powers. In a speech to the Commonwealth Parliament (a speech which was to be repeated throughout the War as forming the basis of Australian colonial policy), Evatt declared:

In the post-war world the reorganisation of these regions cannot be based on the Japanese system. We are now fighting to end that system. Moreover, our post-war order in the Pacific cannot be for the sole benefit of one power or group of powers. Its dominant purpose must be that of benefiting the peoples everywhere. If freedom from want means anything, it means the age of unfair exploitation is over ... In short, we must found the future Pacific policy on the doctrine of trusteeship for the benefit of all Pacific peoples.⁴¹

³⁷ Territorial Trusteeship - Statement by Minister for External Affairs, Dr. H. V. Evatt, Released at San Francisco 10th May, 1945. In *Current Notes* 1945, Vol.16, No.4, p.108.

³⁸ Australian-New Zealand Agreement: *Appendix to the Journal of the House of Representatives of New Zealand*, Vol.1, 1944, pp.A-4.

³⁹ Commonwealth Government to Attlee, 2 January 1943: AA A43/735/1021

⁴⁰ Post-war Pacific Policy. Statement made by the Rt. Hon. Dr. H. V. Evatt, Minister for External Affairs, at a Press Conference in New York on 19th April, 1943. In *Current Notes* 1943, Vol.14, No.6, p.215.

⁴¹ *Commonwealth Debates*, 3 September 1942, pp.81-83.

Louis' study of post-war shifts in the concept and terrain of trusteeship - its conception as *antithetical* to imperialism - presents a very favourable account of the contribution made by Evatt who, in concert with the New Zealand Prime Minister Peter Fraser, was said to represent "the extreme labour view". On the former Louis writes, "Evatt was the master of his own policy" and "with the exception of Lord Hailey, no other statesmen in the wartime era demonstrated such a grasp of the fundamental principle in the debate about trusteeship".⁴² This judgement, if somewhat overstated, is drawn from an article published by Evatt in 1935 entitled *The British Dominions as Mandatories*, in which he identified the *Kenya White Paper of 1923*, and the statement that "we [Britain] are the trustees before the world for the African population", as the foundation of British trusteeship. That is, being responsible to world opinion was explicitly acknowledged. Evatt concluded, that "in respect of mandated territories, sovereignty is a question neither of fact nor of law but a question which does not arise".⁴³ In other words, there was no basis in law which the mandatory power could claim sovereignty over the mandated territory: "questions which do arise are whether a given power or authority may lawfully perform some act either within or in relation to the territory", and this was seen as a question subject to international law.⁴⁴

In April 1945 Evatt repeated the same argument to the British Secretary of State for the Dominions, Lord Cranborne and the British Secretary of State for the Colonies, Colonel Stanley. With a more definitive eye for Australia's future colonial status in the Pacific, Evatt argued that the *Kenya White Paper* marked an "important step forward" in colonial administration, as "it recognised the need for some international institution, representing world opinion, to which certain specific States should render an account or report of the manner in which they were discharging their duties towards native peoples". Noting that "international concern in the welfare of dependent peoples had increased and would further increase", Evatt argued that any "reluctance to acknowledge that 'trusteeship' implied some duty or responsibility would provoke very hostile criticism" and in doing so, threatened the imperial status of Australia, New Zealand and Britain.⁴⁵

⁴² Louis, 1977, p.107.

⁴³ Evatt, 1935, p.29; see also Louis, 1977, p.108

⁴⁴ *ibid.*, p.54.

⁴⁵ Minutes of British Commonwealth Meeting, 4 April 1945: AA A7386.

The position of the British Colonial Office on international supervision (*pace* Australia) and international administration (*pace* the U.S. State Department) was clear. In a letter to Curtin dated 8 January 1944 Clement Attlee, then the United Kingdom's Deputy Prime Minister and the Secretary of State for Dominion Affairs, wrote of his opposition to Australia's position that "parent states ... should accept the principle of accountability for their trust to some International body". He stated that:

On one point ... we have, after very full consideration, come to the consideration that we are not prepared to contemplate the setting up of an International Colonial Commission on the lines corresponding to that of the former Permanent Mandates Commission to which Parent States could be held responsible. We do not think that such a measure would be practicable and our concern has rather been to secure full consultation and co-operation, on a regional basis, of those States which have a definite interest in the area concerned.⁴⁶

Australia's position on the terms of their colonial presence in the South Pacific departed further from the Colonial Office in November 1944 when, at the Australian-New Zealand Conference, it was declared that:

there should be set up as part of the general international Organisation an international body analogous to the Permanent Mandates Commission, to which Colonial Powers should undertake to make reports on the administration of their Colonial territories. This body should be empowered to inspect dependent territories, and to publish reports of its deliberations. We believe that this is a natural implication of the spirit of 'trusteeship'.⁴⁷

According to Louis, the Australian-New Zealand position on the right of inspection meant that the two Governments found themselves in clear conflict with the Colonial Office, but "broadly in agreement with the State Department officials who also favoured international accountability, and with the Fabians in England".⁴⁸ Louis' assessment is based on a history

⁴⁶ Attlee to Curtin, 8 January 1943: AA A989 43/735/1021.

⁴⁷ Statement by the Prime Minister of New Zealand [the Rt. Hon. Peter Fraser] at the Concluding Session of the Australian-New Zealand Conference, 6 November 1944. In Kay, R (ed) (1972) *The Australian-New Zealand Argument (Volume One)*. Wellington: Historical Publications Branch Department of External Relations, p.237.

⁴⁸ Louis, 1977, p.108.

of the evolution of ideas on trusteeship and in particular, the ascendancy of *international* trusteeship in colonialism as opposed to *national* trusteeship. However, as a distinction relating to the actual form of colonialism, that is, the actual practice of colonial administration as envisaged by Australian and British officials, the international-national dichotomy is a superficial one. To paraphrase Cowen, whilst “a good part of the Fabian-inspired energy which was expended after 1945” was indeed directed in support of the ‘New Deal’ contentions “that national independence was a precondition for the eradication of poverty and the other ill-effects of the earlier era of colonialism”, an equal level of energy was directed at arguing that for the African colonies at least, a strengthened and reformed colonial state was the best means of achieving the same ends.⁴⁹

Clearly self-government, an altogether unlikely proposition for Papua New Guinea in “the foreseeable future”,⁵⁰ was not a matter contemplated in the planning for post-war reconstruction. On the subject of colonial reform, Evatt’s principle source of advice came from Forsyth, who among other things, was responsible for preparing the material on trusteeship for the Australian-New Zealand conferences and earlier, for articulating the outlines of Australia’s position on the colonial question to Attlee and the U.S. Secretary of State Cordell Hull. Although holding a nationalistic line on colonialism in which Australians, Forsyth believed, had to “satisfy their own consciences about Imperialism”,⁵¹ the Second Secretary articulated a position on self-government and hence, a position on the actual form of colonialism, which remained well within the parameters of the Colonial Office.

Forsyth, like Dr. H.C. Coombs and Dr. John Burton, personalised the emerging political presence of organised labour within the state apparatus and its manifestation in the form of ideas on Keynesian economics, state-sponsored welfare and trusteeship in colonial policy.

⁴⁹ Cowen, 1982, p.145. For example, in a 1943 pamphlet on the British Labour Party’s post-war colonial policy, Fabians Creech Jones and Rita Hinden, conceded that “nearly all colonies outside Africa are ... ripe for self-government”. Conditions in Africa however, were regarded as entirely different: “from the point of view of Europeans, their civilisation and their economic system, the inhabitants of these African territories are ‘backward’ and ‘not yet able to stand by themselves’”; cited in Gupta, 1975, p.276.

⁵⁰ Forsyth, Notes on the Rehabilitation and Reconstruction of New Guinea, Papua and Nauru, 10 November 1943: AA CP637/1 44.

⁵¹ Louis, 1977, p.294.

Forsyth was Research Secretary for the influential Australian Institute of International Affairs, whose members included New Guinea anthropologists Camilla Wedgwood and Ian Hogbin, who collectively were concerned with the building of a 'new' post-war Pacific based on Liberal-Fabian principles.⁵² On colonial policy, Forsyth rejected notions of *laissez-faire* and, like the phalanx of advisors which Coombs and Burton came to symbolise, found in Canberra a Labor Government whose approach to post-war problems was that "here was the opportunity to do what they had long contemplated as desirable but had never had the chance of doing before".⁵³

The context in which the ideals of state-sponsored welfarism were transmitted through the Australian Labor Government to Papua New Guinea was ironically one of anti-colonial nationalism. Politically, the State Department's drive for expanded U.S. accumulation via the forced elimination of the discriminatory system of imperial trade preferences (see Section 3.3 below), found expression in the tendency to conflate the Sterling Area with the real poverty of the colonies in general: whereas for Churchill, the war was exclusively an anti-fascist one, for Roosevelt it had arisen as a struggle between two declining imperial Empires. As a result, for Roosevelt, to use the words of Clarke, "international reconstruction required the dismantling of both German and British Empires, and the subordination of nation states to the power of world money, which in the immediate post-war context meant the dollar".⁵⁴ It was in this context, that is, a fear of American domination, that Australian nationalism reacted by forwarding an argument for a continuing colonial presence which drew explicitly on the emerging ideas of welfarism and 'positive' colonialism in Britain. As MacWilliam explains: "the change to 'positive colonialism', through which metropolitan strategic-economic requirements were joined with the demands for improvements in indigenous living standards, made it possible to fend off attacks from the U.S. and other countries".⁵⁵ As early as 1942, Australian High Commissioner to London S.M. Bruce, wrote to Curtin stating that there are "two separate issues for us to meet" in relation to colonial policy: "firstly, the prejudice ... against British Colonial Policy as being imperialistic and based on selfish interests and the repression of

⁵² see Wetherell and Carr-Gregg, 1990, p.144; and Forsyth, 1974, pp.44-49.

⁵³ Hasluck, 1970, p.444.

⁵⁴ Clarke, 1988, p.250.

⁵⁵ MacWilliam, 1996, p.30.

Colonial liberty, and secondly Colonial Policy in general”,⁵⁶ or more particularly, colonial powers in general. Similarly in a cablegram dated 5 February 1945, Evatt noted that in relation to colonial policy “every step should be taken to reach an agreement within the British Commonwealth in the first instance, and before [the] United States view becomes crystallised”.⁵⁷ Colonial state practice in both Britain and Australia was thus to be recast along reforming lines.

In a letter to Curtin dated 11 December 1942, Attlee expressed a desire to “explain the principles on which our colonial policy has been founded” due to the existence of a “wide spread and deep-rooted feeling in the United States which regards the British Colonial Empire as equivalent to the private estate of a landlord preserved for his own benefit”.⁵⁸ Diplomatic expression in the United States for this view came in the form of the Hull Draft on colonial policy (August 1942). In Hull’s own words, “the draft stated that it was the duty and purpose of those United Nations charged with responsibilities for the future of colonial areas to co-operate fully with peoples of such areas in order that they might become qualified for independent nation status”.⁵⁹ To achieve this, five procedures were posed.⁶⁰ Of these, three dealt explicitly with national independence, or as the Colonial Office saw it, with the dismantling of the British Empire. Of particular concern for Attlee was the provision for the “establishment of an International Trusteeship Administration composed of representatives of the United Nations and of all other nations which would co-operate in carrying forward and applying the principles of the Atlantic Charter”.⁶¹

⁵⁶ Bruce to Curtin, 18 December 1942: AA A606/1 R40/3/1.

⁵⁷ Department of External Affairs to Australia Legation, Washington, 5 February 1945: AA A3300/7 300A.

⁵⁸ Attlee to Curtin, 11 December 1942: AA A989 43/735/1021.

⁵⁹ Hull, 1948, p.1235.

⁶⁰ For the imperial powers the conditions were one, “they were to give their colonial peoples protection, encouragement, moral support, and material aid and to make continuous efforts toward their political, economic, social, and educational advancement”; two, “they were to make available to qualified persons among the colonial people ... positions in various branches of local governmental organization”; three, “they were to grant progressively to the colonial people ... measures of self-government”; four, “they were to fix ... dates upon which the colonial peoples would be accorded the status of full independence”; and five, “they were to pursue policies under which the natural resources of colonial territories would be developed, organized, and marketed in the interests of the people concerned and of the world as a whole”; see Hull, 1948, p.1235.

⁶¹ *ibid.*

As a central component of Australian colonial policy, the position that “trustee states should accept accountability to an international body”⁶² referred exclusively to international supervision, as opposed to the system of international administration proposed by Hull, and was seen in no way as impacting on the imperial status of either Britain or Australia. Indeed, international administration, as advanced by Hull, was seen by Forsyth as contrary to the Australian national interest, in that, “Britain and the Netherlands” might lose “interest or influence in the Western Pacific”. The need for balance therefore, was explicit, in the sense that Australia:

may in the future have use for a European counter-weight to American or Chinese influence in this region. For this reason alone it is not to our interest to advocate international *administration* (as distinct from *supervision*) of colonies or to press for a colonial settlement unduly onerous for colonial powers.⁶³

Both Evatt’s and Forsyth’s position on international accountability was directed not at dismantling Australia’s colonial presence in the Pacific, but quite the opposite. As a central element in reconciling Australian colonialism with the Labour Movement, the aim of accepting the provision of international accountability was to secure the colony more tightly through a visibly reformulated colonialism clearly distinguishable from popular notions of pre-war imperialism. As Evatt explained in a letter to J.L. Mulrooney dated 11 May 1945, Australia’s position on international accountability and social trusteeship:

only amounts to recognising a duty of decency towards helpless people. If the Labour Movement does not stand for that, it does not deserve to exist.⁶⁴

This reconciliation, and subsequent tightening, is captured by John Kerr, who in writing on the Labor Minister for External Territories (1943-1949) E.J. Ward, suggests that the Minister “subscribed to the view that Australia was not a colonial power by comparison with the old imperial powers - as a Government we were up there [Papua New Guinea] to

⁶² Summary of Views of Various Governments on Colonial Policy, Wellington Conference Paper No.3: AA A989 44/655/27.

⁶³ Forsyth, Departmental View on Australian Interest in the Colonial Question, 15 April 1943: AA A989 43/735/1021 (original italics).

⁶⁴ Evatt to Mulrooney, 11 May 1945: AA A3195 1945.

do good”.⁶⁵ Thus, in commenting on Hull’s ‘Proposed Declaration on Colonial Policy’, Forsyth criticised the American for “unduly stressing self-government ... to the exclusion of the provisions relating to welfare”. Echoing the views of the Colonial Office, the Second Secretary wrote: “to make autonomy the principle concern and at the same time to include all colonies within the preview of the Declaration is unreal, it might well be grounds of a charge of lack of intellectual and even moral integrity”.⁶⁶

The circulation of the Hull Draft prompted an immediate response by Attlee who, in turn sought to outline to the Australian Government the British position on the colonial question. Attlee’s letter to Curtin dated 11 December 1942, declared an ideological position which Forsyth found to be “a more satisfactory document in style and construction for the purpose in view”.⁶⁷ Central to Attlee’s outline was a broad concept of trusteeship premised on the “combination of defence and orderly development”. He wrote:

1. Since it is evident that there are certain peoples whose social equipment and resources are not yet such as to enable them to achieve these ends by themselves, it will be a clear responsibility of all ‘parent states’ to enter into general defence schemes designed to ensure freedom from fear for all peoples.
2. The ‘parent states’ must aim to promote the social, economic and political well-being of peoples who are unable, without danger to themselves and others, to assume full responsibility for their affairs ...
3. By this combination of defence and orderly development the ‘parent states’ will fulfil their responsibilities to those people and enable them to enjoy rising standards of life and to continue their advance along the path of progress.⁶⁸

The negative character of pre-war colonialism in Papua New Guinea clearly helped to inform Evatt’s advisors on the broader issues of post-war colonial development. As Louis notes, “they faced a major paradox”.⁶⁹ On the one hand, it was perceived that the level of development in Papua New Guinea was such that “Western guidance must necessarily remain for a considerable time”.⁷⁰ On the other hand, some of them at least, bore the stamp

⁶⁵ Kerr, 1978, p.122.

⁶⁶ Draft Memorandum by Forsyth, 7 April 1943: AA A989 43/735/1021.

⁶⁷ *ibid.*

⁶⁸ Attlee to Curtin, 11 December 1942: AA A989 43/735/1021.

⁶⁹ Louis, 1977, p.298.

⁷⁰ Memorandum by Forsyth, 7 April 1943: AA A989 43/735/1021.

of Labor's ideals, as expressed in the welfarist agenda underpinning the structuring of post-war trusteeship. Given that no one envisaged self-government, much less independence, for Papua New Guinea, the exercise of trusteeship required a concrete form, or as Evatt put it, an "adequate basis in economic justice". Whilst Evatt was broadly in agreement with the U.S. State Department on the question of international accountability, this consensus did not extend to the actual form of trusteeship and in particular, its economic basis. On the question of expanded colonial production, the then Head of Post-Hostilities Planning Paul Hasluck, expressed some concern at the December 1942 Mont Tremblant Conference, that the American position reflected some "doubtful basic assumptions". Of those mentioned, was the tendency for the U.S. delegates to "favour free private enterprise as against public development" when the discussions turned to the "form of investment in colonial areas".⁷¹ As to the Australian position, writing later Hasluck spoke of developing a working relationship with British Labour MP and founder of the Fabian Colonial Research Bureau, Arthur Creech Jones. According to Hasluck: "he [Creech Jones] seemed to me to be one member of the British delegation who was not living in the past ... I found a lot in common with Creech Jones".⁷² Moreover, this 'coming together' was not one-directional. In a letter to Curtin dated 29 March 1943, Bruce reported on a meeting with eminent colonial historian, Lord Hailey, author of *An African Survey* and leader of the British delegation at Mont Tremblant. According to the High Commissioner, Hailey "spoke appreciatively of the work of the Australian delegation to the Conference".⁷³

Colonial development based on free private enterprise was clearly antithetical to Labor's social democratic ideals. Indeed, commenting on the Ward Administration of Papua New Guinea (1943-1949), Spender suggested that "Minister Ward never saw much merit in private enterprise". He added: "the idea that private capital should be permitted to develop the territory would have been an anathema to ... [Ward] - would lead to what was then called 'the capitalist exploitation of the native people'".⁷⁴

⁷¹ Legation in Washington to Department of External Affairs, 22 December 1942: AA A989 43/650/1.

⁷² Hasluck, 1980, pp.69-70; see also MacWilliam, 1996, p.33.

⁷³ Bruce to Curtin, 29 March 1943: AA A2937/1 203; see also Hasluck, 1980, p.69.

⁷⁴ Spender, 1972, p.275.

Whilst Evatt was not willing at an international level to extend his critique of imperialism to the pre-war Administrations of Papua and New Guinea, his advisors and other interested commentators were not so circumspect. Writing in 1944, Blamey suggested to Curtin that by correcting “past abuses which had accompanied imperialism in the Pacific colonies” and by controlling “the powerful forces of commercialism operating in the colonies”, Australia was presented with a “unique opportunity to make an interesting reversal of the normal, and use policy on the highest moral level as a justified weapon of power politics to protect not only the future of the native peoples of the Pacific but the strategic security of Australia”. He concluded: “it may be that we are confronted with one of those rare moments in history when morality coincides with expediency”.⁷⁵ The same sentiments were being expressed by Forsyth as early as April 1943. In a memorandum dated 7 April 1943, he wrote that the “past abuses” referred to by Blamey, had led to a state of economic backwardness, insecurity and instability:

stability in the Pacific Area is essential ... Our interests are incompatible with the reversion to a colonial system which would be on the one hand a standing challenge to non-colonial powers such as Germany and Japan, and on the other an affront to the colonial peoples.⁷⁶

Blamey described the unique opportunity in which Australia was confronted with by Papua New Guinea as “epoch making”: the opportunity existed for Australian colonial policy to “receive the influence and guidance in the Pacific sphere as those given by Marshal Lyautey to French Africa and Lord Lugard to British Africa”.⁷⁷ Similar sentiments were expressed by Forsyth. For him, the victory over Japan in Papua provided an early opportunity for advancing the strategic interests of Australia within the framework of a renewed colonialism. In a memorandum dated 29 March 1943, he wrote:

Papua is the first colonial territory from which the Japanese have been completely ejected ... this affords an opportunity for the Commonwealth Government to give a practical lead towards the kind of post-war settlement it

⁷⁵ Blamey, The Situation of the Australian Colonies as at January 1944: VA A742/1 284/1/57, pp.3-4.

⁷⁶ Memorandum by Forsyth, 7 April 1943: AA A989 43/735/1021.

⁷⁷ Blamey, The Situation of Australian Colonies as at Jaunty 1944: VA A742/1 284/1/57, p.4.

wishes to see in Southeast Asia and the Western Pacific. We are the first colonial power which can yet do this and are thus in a position to influence the colonial settlement in the region.⁷⁸

Central to the reconciliation of Australian nationalism and British imperialism was, as mentioned, the acceptance of international *accountability* (as distinguished from international *supervision*). However, the perception that Papua New Guinea was not a prospect for self-government, coupled with the State Department's blanket application of targets for national independence, ironically saw the Australians adopting an increasingly similar position to the British on colonialism, particularly in relation to the latter's African colonies. For example, consider the following position on self-government as elaborated by the British Labour Party in their 1943 pamphlet *The Colonies: the Labour Party's Post-War Policy for African and Pacific Peoples*:

Nearly all the colonies outside Africa are, in opinion of the Advisory Committee, ripe for full self-government or at any rate for a very large measure of self-government ... In Africa, however, conditions are entirely different ... From the point of view of Europeans, their civilisation and their economic system, the inhabitants of these African territories are 'backward' and 'not yet able to stand by themselves'.⁷⁹

Written by Fabians Rita Hinden and Creech Jones, it is significant that Evatt had read and expressed a consensus of opinion with the ideas expressed in the pamphlet.⁸⁰

A recurrent theme in policy pronouncements throughout the tenure of the post-war British Labour Government was "that economic and social development had to precede political independence"⁸¹ - a position which also became synonymous with Australia's colonial presence in Papua New Guinea, particularly under Hasluck.⁸² Although blatantly eurocentric, as a statement on colonialism two questions naturally arise from it: just how much economic and social development would entitle subjected peoples to self-

⁷⁸ Memorandum by Forsyth, 29 March 1943: AA A989 43/735/3

⁷⁹ cited in Gupta, 1975, p.276.

⁸⁰ Minutes of British Commonwealth Meeting, 4 April 1945: AA A7386; and War Cabinet to Burton, 6 April 1943: AA A2937/1 230.

⁸¹ Gupta, 1975, p.310.

⁸² see Parker, 1971, pp.202-204.

government?; and just what would be the test that such a level has been reached?⁸³ Of course, as a statement advanced to justify the continuation of colonialism as opposed to its negation, answers to such questions were never intended to be translated into practice. Nevertheless, “colonial phantasy” or not,⁸⁴ the policy gave expression to a reformulated colonialism based on state intervention in improving indigenous standards of living. As Louis suggests, “the concept of welfare became the formal concomitant of development”.⁸⁵ For example, consider the justification for Britain’s colonial presence in Africa offered by Labour MP James Griffiths, in his 1950 paper, ‘The Way Forward in the Colonies’:

Democratic self-government cannot be given to a people [*pace* the U.S. State Department], it must *be won by them*. And *winning democracy* means something much more - and more difficult - than overcoming oppression from outside. It means winning the battle against internal enemies - ignorance and poverty, disease and squalor. That is why we have emphasised that we regard our trust not only as that of guides to self-government, but also as partners in the task of establishing those conditions - economic and social.⁸⁶

If colonial development is equated with capitalist development, and welfare with the negation of “ignorance and poverty, disease and squalor”, then it is reasonable to suggest that the shift to ‘positive’ colonialism in the post-war era was underpinned by two polarised elements of a dialectic - expansion and ‘preservation’.⁸⁷ Trusteeship, as “the intent which is expressed by one agency to develop the capabilities of another”, relates to the process whereby expanded capitalist accumulation (*immanent* development) and the maintenance of order through the provision of welfare (*intentional* development) are reconciled within the limits of the capitalist state. For the Fabians, poverty and unemployment arising out of the development of capitalism were seen to be both defined and expressed in the separation of labour from the means of production. Making labour ‘independent’ of capital for the purpose of immediate consumption was therefore abstracted as the primary basis for arresting the anarchy of capitalist competition. It follows that state practice in primarily rural social formations, such as Papua New Guinea,

⁸³ *ibid.*, p.203

⁸⁴ *ibid.*, p.202.

⁸⁵ Louis, 1977, p.100; see also Cowen and Shenton, 1996, pp.296-298.

⁸⁶ Griffiths, 1950, p.27 (original italics).

⁸⁷ For a different period, but one in which the contradictions implicit in this dialectic are both defined and explored in West Africa, see Shenton, 1986, p.120-121.

attempted to reconcile progress with order by positing a form of production based on rural households attached to land. That is, as a necessary corrective to what was regarded as the essence of pre-war imperialism - the plantation and migratory labour. For example, in a 1946 paper circulated to all New Guinea Field Staff on the basis that "it should stimulate thought and provide an indication of the direction that colonial practice will take in the future", anthropologist for the Institute of Pacific Relations Laura Thompson, justified the reinstatement of the peasant farmer as the object of development on the grounds that:

Accompanying this trend ["positive colonialism"] is an increasing emphasis on peasant production, in the sense of production by natives owning and working their own lands by improved methods. From the standpoint of social welfare the advantages of this system over the so-called plantation system, under which the natives work as cheap labour on large estates financed by outside, are obvious.⁸⁸

Peasant production "by improved methods" implied trusteeship, or a 'positive' colonialism. Thus, W.E.H. Stanner's claim that, whilst "Australian international and diplomatic policy made a distinct contribution to post-war problems in New Guinea", it had "no visible contribution to their solution",⁸⁹ is not an altogether accurate assessment. Reform of the administration of Papua and New Guinea along the above lines, was formulated at two levels during the war: by the army, through the Directorate of Research (discussed in Chapter Four) and by the Department of External Affairs. With respect to the latter, by October 1943 Forsyth had completed plans providing for the amalgamation of the Administrations of Papua and New Guinea; proposed a Development and Welfare Act which borrowed heavily from Britain; and had suggested a wide-ranging Labour Charter directed at breaking the link between migratory labour and household consumption. On the latter he feared "the *possibility* of criticism that there is a conflict between *Australian policy* and Australian practice in regard to natives ... especially in matters relating to *indentured labour*".⁹⁰

⁸⁸ Thompson, L. (1946) Steps Toward Colonial Freedom: Some Long-range Planning Principles for a Peaceful World Order: PNGNA a.12 b.3875 f.1-1-8, p.15.

⁸⁹ Stanner, 1953, p.93.

⁹⁰ cited in Louis, 1977, p.296 (original italics).

Evatt, as described by Louis, “took delight in throwing rocks at the street lamps of British imperialism”.⁹¹ In a letter to Mulrooney, Evatt wrote of his efforts at the San Francisco Conference as forcing “a great advance in English Tory policy”. On Australia’s own policy, Evatt added:

It only amounts to recognising a duty of decency towards helpless people. If the Labour Movement does not stand for that, it does not deserve to exist. Our persistence has compelled the United Kingdom Delegation to accept the pledge of our nation to observe the principle of trusteeship in relation to all dependent peoples.⁹²

Indeed, exemplifying the manner in which organised labour underpinned the extension of state-sponsored welfare to the colonies was a letter from the Building Worker’s Industrial Union of New South Wales to Prime Minister Curtin, which asserted that “there can be no general post-war advancement for the working-class, while the colonial peoples remain oppressed”.⁹³ For all Evatt’s rhetoric however, it is important to note that whilst he asked Mulrooney to show the above letter to radical nationalist M.P, Arthur Calwell who, it was suggested, would “be pleased by our fearless and independent attitude”, it was a substantially altered letter which was to reach Acting Prime Minister Chifley. Indeed, in a letter to Chifley the previous day, Forde and Evatt wrote that in respect to trusteeship “there is certainly a difference in application of principles as between [the] United Kingdom and Australia”, but “the principle of trusteeship itself is accepted by both”. The Ministers concluded: “the broad fact is that Australia has a foreign policy of its own *which is in most points parallel to that of the United Kingdom*”.⁹⁴

⁹¹ *ibid.*, p.109.

⁹² Evatt to Mulrooney, 11 May 1945: AA A3195.

⁹³ Building Workers Industrial Union of N.S.W to Curtin, 6 March 1945: AA A461/8 F387/1/1.

⁹⁴ Forde and Evatt to Chifley, 10 May 1945: AA A 3195, 1945 (my italics).

3.3

Labor, Colonialism and the Sterling Area

As noted, the initial impetus for reform in Australian colonial practice was directly linked with Australia's domestic security. However, as Stanner notes, this was "soon subdued" by "the ethical imperative" in which "the influence of the Atlantic Charter, the Yalta agreement and the Philadelphia Conference of 1944 ... all left their imprints".⁹⁵ Whilst suggesting an important corrective, missing from more contemporary accounts which continue to over-state the imperative of defence to the exclusion of other factors, Stanner fails to note that at a lower level of planning the Cabinet Sub-Committee and the Inter-Departmental Committee were almost solely concerned with the integration of the Territory's economy with that of Australia. As Wendy Timms explains: "in contrast to the limited optimism regarding Australian agriculture, the Australian Bureau of Agriculture and the Department of Territories were initially enthusiastic about the prospects of the Territory, and its potential contribution to Australia's economy".⁹⁶ The primary barrier to Australian accumulation in the immediate post-war period was the unequal balance of international trade arising from the dollar-gap. Expanded agricultural production in Papua New Guinea was thus endorsed as a means "to solve Australia's food production problem ... and in the same way New Guinea can help with the dollar problem".⁹⁷ What follows is a necessarily brief account of the obstacles to capital accumulation experienced by the Australian state in the immediate post-war period and how expanded rural production in Papua New Guinea became refashioned in order to meet Australia's national material need.

In an article entitled 'A Turning Point for Australian Capitalism: 1942-52', Melanie Beresford and Prue Kerr advance an Australian version of the 'capitulation thesis' in which it is argued that the Curtin Government's acceptance of the terms of Article VII of

⁹⁵ Stanner, 1953, p.95.

⁹⁶ Timms, 1996, p.70.

⁹⁷ Draft Statement by the Minister on Agricultural Expansion in New Guinea, 4 March 1952: AA A518/1 B927/2.

the 1942 Anglo-American Mutual Aid Agreement⁹⁸ led to the “cutting of the apron strings which tied Australia to a declining British Empire ... and to the re-orientation of trade flows and capital intake towards the increasingly powerful American economy”.⁹⁹ Capitulation, in this sense, refers to the subordination of the Australian national interest to U.S. capital: “in a large measure, the stance taken by these Governments [the Curtin and Chifley Labor Governments] on international issues was due to a recognition of the vast increase in American power during the War and the fact that Australian capitalism could not survive independently of this power”.¹⁰⁰

Notions of Australian capitulation to United States imposed multilateralism, have been separately challenged by David Lee and MacWilliam. For Lee, the Curtin Government’s paper commitment to multilateralism strengthened rather than weakened Australia’s economic relationship with the British Empire. The U.S. State Department’s failure to give an international guarantee on a policy of ‘full employment’ and an unwillingness to reshape its economy *vis-à-vis* the domestic consumption of internationally produced commodities (see below), acted to re-focus Australian accumulation within the collective security of the Sterling-Bloc.¹⁰¹ Importantly, for MacWilliam, this reconstitution of Anglo-Australian relations had a very concrete outcome expressed in Australia’s colonial relationship with Papua New Guinea: confronted with U.S. multilateral strategies of accumulation, “both Britain and Australia gave an increased importance to their colonial territories, as sources of raw material and as political-strategic frontiers vital to the national self-interest”.¹⁰²

The problem with Beresford and Kerr’s account is their failure to recognise the essentially negative role of the capitalist state in securing the conditions for expanded

⁹⁸ Article VII of the 1942 Anglo-American Mutual Aid Agreement abstracted from the signatories (including Britain and Australia) a paper commitment to the reduction not of tariffs as such, but rather their discriminatory application. The target was the system of imperial preferences and the non-convertibility of the sterling as fixed at Ottawa in 1932. Multilateralism, in this sense, referred not to ‘free trade’, but rather to a commitment of not favouring one international trading partner over another; see Lee, 1990, p.180.

⁹⁹ Beresford and Kerr, 1980, p.148.

¹⁰⁰ *ibid.*, p.149.

¹⁰¹ Lee, 1990, pp.178-179.

¹⁰² MacWilliam, 1996, p.30.

accumulation. Quoting Peter Burnham, MacWilliam points out that whilst “the expansion of American accumulation primarily depended on the financial integration of Western Europe, the British state perceived its fundamental interests to lie primarily with the Sterling Area nations”.¹⁰³ A crisis of accumulation is not an economic crisis, but rather appears as such - as a ‘fiscal’ or ‘monetary’ crisis. That is, each specific barrier to accumulation confronts the capitalist state “as an end in itself”, as for example, a balance of payments crisis. United States driven multilateralism represented a strategy of accumulation which sought to secure markets for U.S. capital through “the elimination of all forms of discriminatory treatment in international commerce” and the subordination of the nation state to the dollar in the form of immediate currency convertibility.¹⁰⁴ At the risk of over-simplification, the concentration of a greater part of the world’s gold and currency reserves, raw materials and expanded productive capabilities in the United States meant that it was not simply a matter of an “economy so poised had a lot to gain from the freedom of movement of goods, capital and enterprises”.¹⁰⁵ Rather, in discriminating against American exports, the politically based system of imperial preferences, dollar pooling and the non-convertibility of the sterling represented the principal post-war barriers to expanded U.S. accumulation. As Lee explains: “policy makers in the State Department during the Second World War feared that unless the United States gained markets for its exports after the war, she would be in grave danger of suffering a depression of the same magnitude as the Great Depression of the 1930s”.¹⁰⁶

In 1946 the trade deficit, or dollar gap, between Britain and the dollar countries meant that whilst 46% of total British imports came from dollar countries, exports to these countries represented only 14% of the total.¹⁰⁷ Moreover, in addition to this trade deficit, Britain had an accumulated deficit of £3,000 million to sterling countries, both in and outside the Commonwealth.¹⁰⁸ In summarising this position, Stafford Cripps, then the British President of the Trade Board, pointed out “that if the United Kingdom was to purchase abroad the materials and finished goods on the pre-war scale, it could finance

¹⁰³ Burnham, 1990, p.8; see also MacWilliam, 1996, p.28.

¹⁰⁴ see Clarke, 1988, pp.249-252.

¹⁰⁵ Coombs, 1981, p.92.

¹⁰⁶ Lee, 1990, p.179.

¹⁰⁷ Cowen, 1982, p.144.

¹⁰⁸ Lee, 1990, p.180.

them by only increasing its exports by 75% in real terms".¹⁰⁹ In this context, multilateralism was an altogether different proposition to the British state than it was for the American state. The principal barrier to British accumulation arose from an "inappropriate structure of production and trade experienced in the dollar gap".¹¹⁰ It followed that for the British state, the policy of multilateralism in the long-term was undercut by fluctuations in the balance of trade in the immediate term - in capitalist economies a long-term perspective is clearly a contradiction in terms. Thus, the U.S. five billion dollars, secured by Britain from the United States with the signing of the Washington Loan Agreement, whilst expressing a paper commitment to multilateral liberalisation, was in fact used "to restructure trade, stimulate production and reduce the dollar gap to gain some degree of independence from the United States".¹¹¹

As Cowen and Westcott explain, central to the re-establishment of the sterling as a world currency, was a resurgent British imperialism which "centralised imperial economic policy around the entity of a British national economy".¹¹² As British Labour MP and frequent spokesperson on colonial policy Ernst Kinghorn, argued in 1949: "Central Africa should be rapidly developed as to make Britain independent of the U.S.A".¹¹³ In direct contrast to the intentions of the U.S. State Department, papers presented to the 1948 African Governors' Conference urged that dollar aid (Marshall Aid) be used for colonial development and the re-structuring of a triangular system of trade that would make it "possible to bring the balance of payments of the Sterling Area as a whole once more into equilibrium".¹¹⁴ This involved: 1) the export of raw materials to the United States from the colonies; 2) the export of capital commodities from the United States to Britain; and 3) the export of manufactured commodities and capital from Britain to the colonies. In this way, the dollar gap would be negated, in that, "commodities produced in the colonies would be dollar-earners (as exports to the U.S.A) and dollar-savers (as substitute imports from the dollar area and thus exports to Britain)".¹¹⁵

¹⁰⁹ cited in Coombs, 1981, p.93.

¹¹⁰ Burnham, 1990, p.9.

¹¹¹ *ibid.*

¹¹² Cowen and Westcott, 1986, p.20.

¹¹³ cited in Gupta, 1975, p.321.

¹¹⁴ *ibid.*

¹¹⁵ Cowen, 1982, p.144.

U.S. guidelines towards post-war economic relations with Australia mirrored those set down for Britain. In November 1944, the U.S. State Department stated that the overriding objective was to “seek the co-operation of Australia in the implementation of the economic objectives of the Atlantic Charter, and of Article VII of the Master Lend-Lease Agreement including the elimination of discrimination and the reduction of tariffs and other trade barriers”.¹¹⁶ The Curtin Government agreed to the elimination of discriminatory tariffs in 1942 on the basis that Australia’s post-war exchange position, without international collaboration, was “likely to be somewhat unsatisfactory given that”:

1. London funds will be relatively low.
2. Export markets may be moderately good for a while, but surpluses accumulated during the war will probably not be immediately marketable. Moreover, Australia is already committed to making gifts to countries devastated by war.
3. The long-term prospects for export markets are not very good, and markets may be expected to sag after a certain time (differing for various commodities, depending on overseas developments).
4. Hence there will be a tendency for London funds to remain weak.¹¹⁷

However, whilst acknowledging that to remain tied to the Sterling Area was likely to “involve acute difficulties”, the Labor Government’s acceptance of economic multilateralism was partial and not without its own conditions. Underpinning this partial acceptance was that in addition to pledging to eliminate discriminatory trade practices, Article VII of the Mutual Aid Agreement promised international collaboration on issues relating “to increased production and employment, consumption and world trade”.¹¹⁸ For the Australian officials this, rather than the issue of trade discrimination, represented the “root of the matter”. That is, expanded production and employment would be accompanied by increases in both consumption and international trade which in turn, would lead to the further socialisation of consumption. It followed, that “the removal of trade barriers should

¹¹⁶ cited in Pemberton, 1987, p.2.

¹¹⁷ Australia’s Position in Relation to Article VII of the Anglo-American Mutual Aid Agreement: Report by the Interdepartmental Committee on External Relations, 20 August 1942: AA A4144 11.

¹¹⁸ *ibid.*

accompany and fortify these movements rather than precede them”.¹¹⁹ As Evatt explained to the Australian Labor Cabinet in January 1944: “the best way, and in fact the only way, of achieving the objects of Article VII is to seek first those conditions of expanding production and full employment ... and then when this has been substantially achieved [we can] ... consider the remaining matters associated with commercial policy”.¹²⁰

The order of emphasis given by the Curtin Government to the terms of the Mutual Aid Agreement, reflected the centrality given to a state-sponsored programme of ‘full employment’ in Labor’s post-war plans for alleviating poverty, improving national efficiency and pre-empting recession by boosting consumption.¹²¹ As Coombs explained: “it had been the widespread unemployment of the thirties that had impoverished and rendered empty of achievement, the lives of many, and it was the fear of its return which Governments were most anxious to counter”.¹²² The ‘Full Employment Approach’, thus “became the basis of the policy which Australian delegations to all international economic conferences of the next few years [1942-1949] were instructed to promote unremittingly”.¹²³ This almost exclusive emphasis on the policy of full employment, as opposed to reducing discriminatory trading practices, articulated a somewhat different response to the question of international collaboration than that espoused by the U.S. State Department. In a submission to Cabinet dated 18 January 1944, Evatt spoke of a convergence in domestic and external policies on matters relating to consumption and production. He argued:

We believe that domestic policies, and in particular policies to maintain high levels of employment, should be the fundamental basis of all international economic collaboration. The need for economic collaboration arises from domestic policies. A primary objective of governments should be to raise living standards. Increased living standards and increased consumption should lead to increased trade both within and between countries. Living standards in advanced countries like the United Kingdom, the United States and our own are most effected by the level of employment. Therefore, we

¹¹⁹ Evatt, United Nations Economic Proposals: Full Cabinet Submission, 18 January 1944: AA A2700 Vol.8.

¹²⁰ *ibid.*

¹²¹ see Full Employment in Australia. *Parliamentary Papers*, Vol.4, 1945, pp.1193-1211.

¹²² Coombs, 1981, p.6.

¹²³ Crisp, 1965, p.5.

regard high levels of employment as a fundamental principle in international economic collaboration.¹²⁴

Planning for the post-war international economic order was not simply an economic question but was also a deeply political one. For Evatt, international collaboration on full employment meant subjecting domestic employment policies to international supervision: “it will be easier for any individual country to pursue a positive policy of expanding production, employment and international trade if a similar policy is being put into effect in other countries”. It followed that the jurisdiction of the nation state represented overriding political question. In a proposal that was surely to antagonise the U.S. Congress on populist and nationalistic grounds, the Australian Government sought a commitment to full employment which would subordinate the jurisdiction of the nation state on domestic employment matters to the principle of international collaboration. In commenting on the agenda for the 1943 British/American talks on the “orderly” application of Article VII to international commerce, the Australian Labor Cabinet sought from Attlee additional undertakings, including:

1. To make available to others a record of employment on an agreed plan through an appropriate international secretariat.
2. To report to others periodically through an appropriate secretariat on the state of its domestic employment and to interchange information about economic policies directed at maintaining employment; and
3. To consult with others if domestic unemployment reaches serious proportions, for the purposes of examining possible national and international measures to restore the level of employment.¹²⁵

Clearly, international collaboration, through multilateralism, was regarded by the Curtin Government as the most potentially effective means of securing an international economic order suitable for expanded accumulation. However, unless the U.S. State Department expressed a concrete commitment to domestic employment and consumer expansionism, the principal barrier to Australian accumulation centred on the same inappropriate structure of trade experienced by Britain, in the form of the dollar gap. As Gregory

¹²⁴ Statement on International Affairs. Made by the Minister for External Affairs, Dr H. V. Evatt, in the House of Representatives, 19 July 1944. In *Current Notes*, 1944, Vol.15, No.6, p.160.

¹²⁵ Commonwealth Government to Attlee, 7 September 1943: AA A 989 43/735/58 Part.1.

Pemberton explains: “having virtually eliminated Australia’s debt to London, Chifley had no desire to emulate with America the imbalanced trade pattern it had with Britain”.¹²⁶ On this point both Curtin and Chifley remained firm. In a report on a conversation with John Maynard Keynes dated 7 January 1943, Bruce outlined Australia’s position *vis-à-vis* the United States as conditional:

I outlined to Keynes my idea that we should put it flatly up to the Americans that we were prepared to play in bringing about International economic co-operation but that whether this could be effected depended entirely on the attitude of America. If they were not prepared to play then we would get on with the job of *consolidating the British Empire economically*. I pointed out to Keynes that while all Dominions were anxious to bring about an expansion of International trade, and as long as there was any hope of doing that, [they] would not listen to any idea of an Empire Economic Unit. If, however, International economic co-operation was impossible the Dominions would be prepared to co-operate in *Empire economic solidarity*.¹²⁷

By 1944 the U.S. State Department’s assessment of the Australian position in relation to Article VII, was that it was “improbable that any permanent re-orientation of [the] Australian economy will result ... Australia will return to the previous pattern of economic dependence” on Britain.¹²⁸ This prediction was to prove correct. As Pemberton explains:

The proportion of Australia’s exports which went to America dropped from fifteen per cent in 1945-1946 to under six per cent by 1948-1949, before reviving briefly with the Korean War wool boom. American exports to Australia also fell dramatically, from three per cent of America’s wartime average annual total, to only one per cent by 1948-1949 ... In 1947, following the growth in American imports [to Australia] after the war’s end, the Chifley Government imposed strict controls thereby dramatically reducing American imports.¹²⁹

In December 1945 the Anglo-American Washington Loan Agreement made available to Britain U.S. \$3,750 million, the purpose for which was “to facilitate purchases by the United Kingdom of goods and services [produced] in the United States, to assist the United Kingdom to meet transitional post-war deficits in its current balance of payments, to help

¹²⁶ Pemberton, 1987, p.3; see also Coombs, 1981, pp.85-86.

¹²⁷ Bruce, Note of Conversation with Keynes, 7 January 1943: AA A989 43/735/1021(my italics).

¹²⁸ cited in Pemberton, 1987, p.2.

¹²⁹ *ibid*; see also MacWilliam, 1996, p.29.

the United Kingdom to maintain adequate reserves of gold and dollars and to assist the Government of the United Kingdom to assume the obligations of multilateral trade".¹³⁰ On the last point, the key sections related to the issues of currency convertibility and the dismantling of imperial preferences. On the first issue, Section 7 declared:

The Government of the United Kingdom will complete arrangements as soon as practicable ... under which ... the sterling receipts from current transactions of all Sterling Area countries ... will be freely available for current transactions in any currency area without discrimination with the result that any discrimination arising from the so-called sterling dollar pool will be removed.

Whilst Section 8, declared:

Nothing in this paragraph [paragraph (I)] dealing with payments and transfers for commodities traded between the United States and Britain shall affect the provisions of Article VII of the Articles of Agreement of the International Monetary Fund when those agreements come into force.¹³¹

On the questions of exchange convertibility and the sterling balances, the Australian Government was ambivalent. Indeed, as suggested by Lee, Chifley actually favoured a situation where sterling accumulated by Australian capital could be freely exchanged for the dollars needed to sustain the expected post-war demand for United States produced commodities.¹³² Moreover, whilst he was not unconcerned on the matter of the sterling balances, Chifley appropriately regarded this as largely a matter to be settled between Britain and her creditors. However, Britain's commitment, at least on paper, to dismantling the system of imperial preferences was not met with the same ambivalence.

Chifley's position in relation to defending imperial preferences was in the first instance political. As a condition of production and exchange, imperial preferences affected only about only one fifth of Australia's exports.¹³³ It follows that it was not that Chifley wanted

¹³⁰ Financial Agreement Between the Government of the United States and the United Kingdom. In Gardner, 1956: appendix 1, p.389.

¹³¹ *ibid.*

¹³² Lee, 1990, p.180.

¹³³ *ibid.*, p.181

to preserve imperial preference *per se*. Rather, the objective in their retention was, as Coombs explained: “to ensure a United States economy which would, by its consumption pressure, power the demand for internationally traded goods, and which would open markets to the products of other countries”.¹³⁴ Given that within the Australian Labor Party there existed a strong protectionist strain coupled with an explicit distrust of ‘dollar imperialism’, the retention of imperial preference, demonstrated to the Labour Movement that existing measures, perceived as central in stimulating local accumulation, would not be dismantled without substantial concessions. Thus, in commenting on the conditions imposed on Britain with the signing of the Washington Loan Agreement, Chifley, in a letter to Attlee dated 23 October 1945, warned:

The Australian Government is fully prepared to join in commercial policy negotiations with the sincere desire to contribute to their success, but it can only do so on the basis of making concessions in return for equivalent reciprocal concessions on the part of other countries, particularly the United States, which will enable trade, employment and living standards in Australia to be maintained and improved. I envisage difficulties, however, in obtaining from the United States those concessions which will make it possible for Australia to reduce tariffs and preferences along the lines desired by the United States Government and, after careful consideration of all the circumstances including the fact that Australia is not represented in either the financial aid talks or the commercial policy talks, I am unwilling that Australia at this stage should commit itself on the question of Imperial Preference.¹³⁵

At the San Francisco Conference of April 25 to June 26 1945, Evatt secured a pledge from the United States to commit itself to a policy of full employment, as expressed in the U.S. *Full Employment Act 1946*.¹³⁶ At least in public, this was upheld as a victory for the Australian Delegation, both in the local and overseas press. However, in private the Labor Government held that it was not sufficient that the objectives of “full employment” and a commitment to “steadily rising standards of living”, be simply included in the United Nations Charter. Rather, “they must be omnipresent considerations in daily decisions”.¹³⁷ In this sense, the Government failed to obtain from the Americans the necessary level of

¹³⁴ Coombs, 1981, p.91.

¹³⁵ Chifley to Attlee, 23 October 1945: AA CP43/1.

¹³⁶ see Crisp, 1965, pp.5-19.

¹³⁷ Department of External Affairs to Evatt, 3 October 1945: AA A1066 H45/771/4.

commitment it had sought. Moreover, the U.S. State Department's line that "the employment problem is inextricably linked with the problems of exchange and trade" remained only partially acceptable to the Labour Movement. As U.S. Secretary of State Edward Stettinius, wrote of the American position to Evatt: "there can be no sound basis for stability of productive employment at a high level in the various nations if there is not a general international agreement to remove excessive barriers and prevent discriminatory practices which have restricted world trade in the past". Moreover, in a statement which would have certainly antagonised Chifley and the strong protectionist elements within the Labor Party, Stettinius went on to conclude that "it would be most unfortunate if full employment were sought in some countries by measures which have the effect of reducing employment in other countries, as for instance by the encouragement of uneconomic production or by the erection of positive barriers to the free flow of international commerce".¹³⁸ Bruce's 1943 comments proved discerning, in that, the failure of the U.S. State Department to commit itself to international collaboration on full employment, saw the Australian Government "get on with the job of consolidating the British Empire economically".¹³⁹ With respect to Papua New Guinea, this greatly increased the potential importance of the Territory as both a market and source of agricultural commodities and dollar savers. The re-direction and reform of Australia's post-war trading relationship with Papua New Guinea found expression in the substantial increase of aid flows from the Commonwealth Government to the Territory Administration and the application of development funds to the expansion of indigenous agriculture. In this sense, Australian and British post-war colonial practices were particularly unified.¹⁴⁰

The quantitative increase in British capital directed at expanding colonial production and accumulation after 1945 was substantial. Cowen estimates that between 1924 and 1944 expenditure on all forms of colonial development amounted to £18 million: "this expenditure, in twenty years, was less than four years actual expenditure on Colonial Development and Welfare ... between 1945 and 1949". Moreover, actual expenditure on colonial development and welfare "and the Colonial Development Corporation was £44

¹³⁸ Eggleston to Evatt, 16 March 1945: AA A1066 ER45/2/3/2.

¹³⁹ Bruce, Note of Conversation with Keynes, 7 January 1943: AA A989 43/735/1021.

¹⁴⁰ MacWilliam, 1996, p.35.

million in the two years 1949-51".¹⁴¹ Australia's commitment to colonial development during this period was no less dramatic. Prior to 1941, development of the Territory of Papua and the Mandated Territory of New Guinea "was limited by the financial resources of the Administrations, except for an annual grant of £42,000 made by the Commonwealth towards the costs of the administration of the Territory of Papua".¹⁴² After 1945, Commonwealth grants to Papua New Guinea totalled £252,500 in 1946, increasing to £2,018,500 in 1947 and reaching £4,184,500 in 1950 and £8,432,000 in 1956.¹⁴³

3.4

Conclusion

The same element of material necessity which underpinned the extension of state-sponsored welfare from Britain to the colonies was similarly expressed in the restructuring of Australia's relationship with Papua New Guinea. In 1944 Ward promised for Papua New Guinea a "vigorous policy of self-employment by the people in agriculture".¹⁴⁴ However, due to "the war-time devastation of agriculture", any realisation of this programme was necessarily slow.¹⁴⁵ Yet, in 1951 and under a new Liberal Party Minister Paul Hasluck, and a new Departmental Head C.R. Lambert, the centralisation of New Guinea development policy around the Australian economy was again re-asserted. In a strongly worded letter to Murray dated 26 February 1952, Lambert wrote of the need:

to bring to your notice the important all Australian problem of expansion of agricultural production ... It is the Minister's desire that we, who are associated with the administration of the territories, should direct our minds and energies to assisting in the attainment of the national objectives by endeavouring to initiate proposals for the expansion of agricultural production in the territories ... Domestically, that is, within the territories themselves participation in this all Australian policy will involve giving the

¹⁴¹ Cowen, 1982, pp.142-143.

¹⁴² Territory of Papua-New Guinea: Expenditure and Revenue, 27 March 1947: PNGNA a.12 b.3875 f.1-1-3 Part.1.

¹⁴³ Downs, 1980, p.66.

¹⁴⁴ cited in *ibid.*, p.40.

¹⁴⁵ MacWilliam, 1996, p.35.

departmental instruments of land and agriculture the highest possible priority.¹⁴⁶

Importantly, attached to the letter was a Ministerial statement which emphasised the need to expand agricultural production so as to earn sufficient “dollars to pay for goods Australia requires to buy from the U.S.A. and other dollar countries”.¹⁴⁷ As the Minister explained:

New Guinea can help Australia to reduce her dependence on imports. If New Guinea produces more kenaf or sisal, tea, coffee or cocoa, copra or rubber and sends them to Australia, Australia has to spend less on these products in other countries and has more to spend on other goods she needs. If New Guinea sells them to other countries Australia has more money to spend on other goods she needs from overseas. In the same way New Guinea can help with the dollar gap. The more rubber New Guinea sends to Australia, the less Australia needs to buy from Malaya and the more Malaya has to sell to the U.S.A. for dollars.¹⁴⁸

Beginning first with the immediate period of post-war reconstruction in Papua New Guinea, what follows seeks to outline the processes through which demands for state-sponsored welfare were inserted into the domain of intentional development, as expressed in the construction and extension of a centrally regulated scheme of smallholder production.

¹⁴⁶ Lambert to Murray, 26 February 1952: AA A518/1 B927/2.

¹⁴⁷ Draft Statement by the Minister on Agricultural Expansion in New Guinea, 4 March 1952: AA A518/1 B927/2; see MacWilliam, 1996, p.36.

¹⁴⁸ *ibid.*

Chapter Four

A New Deal for Papua New Guinea: Ward, Socialism and the Ideas for Change

4.1

Introduction

Ward was first appointed Minister for External Territories in September 1943. He was to hold the position until the defeat of the Chifley Labor Government in December 1949. The appointment of the “Trades Hall genius from Kings Cross” to the Territories portfolio was met by the Papua and New Guinea settler community, still in exile in Australia, with a degree of enthusiasm, albeit an ironic one. The *Pacific Islands Monthly* (whose editor, R.W. Robson, Ward was later to declare subversive and refuse entry into Papua New Guinea) noted that the new Minister “may be irresponsible and class conscious”, but he was “no rubber stamp”. Referring to Australia as a “degenerate system of so-called democratic government”, it was suggested that provided Ward “did not allow himself to become dominated by cock-eyed notions about fuzzy wuzzy Angels and ‘exploitation’, and so forth”, he might “make up his own mind ... independently of bureaucratic promoting”.¹ The same journal, nine years later and under the heading ‘End of Queer Wardist Regime in Papua-New Guinea’, offered a some what revised opinion:

One of the most freakish things in the history of Australian Government was the appointment of Mr. E.J. Ward - the ornament of the extreme Left - as Minister for External Territories. Ward probably had never even seen a coconut tree or a Melanesian; but (after the manner of all Socialist planners)

¹ ‘Eddie’ Ward is New Minister for Territories’, *Pacific Islands Monthly*, October 1943, Vol.14, No.3, p.11.

he immediately and confidently set about the creation of a new heaven on earth for Brown Brother, and the extermination of the vicious profiteers who had enslaved him.²

In typically sensationalist language, the article concluded that Ward's tenure as Minister for External Territories was an "example of how an impractical Red politician, given unlimited power, would set up the complete Socialist state".

Ward was neither anti-producer, nor anti-'small' expatriate settler. On one of the few occasions in which he sought to publicly explain his post-war New Guinea policy, he stated the aim as seeking to protect "the natives against exploitation by white men, and protect[ing] planters and miners and other 'small' Europeans against exploitation by the big companies".³ Ward was a disinterested Minister who, publicly at least, gave little indication of holding any pronounced views on colonial policy. However, his popular 'socialism' (see below) and in particular, his opposition to the pre-war dominance of trading capital in the Territories, created space for a shift in Australian colonial practice which transformed the prospects for both indigenous and expatriate accumulation. In proposing what Ward described as a "vigorous policy of self-employment by the people in agriculture",⁴ the expansion of expatriate settlement, rather than proceeding spontaneously, became tied to state plans for household production. As the Minister explained in 1946, "we are not going to push them [expatriate planters] off the land". Rather, "it all depends on the needs of the native economy".⁵ Under the provision of a reformed colonial trusteeship, state power and an implicit definition of "native community", were joined to secure the predominance of smallholder agriculture.

The following argument is divided into six sections. Whilst noting Ward's disinterest in New Guinea colonial policy, section two departs from existing accounts of his period as Minister, in that, an explanation for Ward's initial attraction to colonial reform is sought in

² 'End of Queer Wardist Regime in Papua-New Guinea', *Pacific Islands Monthly*, May 1952, Vol.22, No.10, p.21.

³ 'Mr Ward Defends his Administration', *Pacific Islands Monthly*, December 1945, Vol.16, No.5, p.25.

⁴ cited in Downs, 1980, p.40.

⁵ 'Mr Ward on New Guinea Settlement', *Melbourne Herald*, 26 September 1946: PNGNA a.12 b.3875 f.1-1-6 Part.2.

his commitment to popular-labourism and its shared commonalities with the Fabian doctrine of social trusteeship, as advanced by such influential organisations as the Army Directorate of Research and Civil Affairs. Of particular interest is their joint stand, not against capitalism, but rather its excesses - landlessness and the dissolution of indigenous 'community'. Section three presents a discussion of Ward's speech on the second reading of the *Papua-New Guinea Provisional Administration Bill 1945*. As a policy statement, its importance lies not only in its singularity, but in its departure from *laissez-faire* precepts governing developmental expenditure and the re-direction of state practice to compensate for the destructive propensities of capitalist development. Section four discusses the pivotal role of the Army Directorate of Research in the formation of an agrarian doctrine of development for Papua New Guinea which, in reflecting the shift to 'positive' colonialism in Britain, sought to re-invent 'traditional' productive forms within what Cowen and Shenton have appropriately called an "official order of administrated conditions of production".⁶

Section five discusses the debate conducted between 1943 and 1945 on indentured labour. It is noted that the agrarian doctrine, and the scheme of household production through which it was expressed, existed as one form of capitalist development and not as an alternative to it. In the words of Cowen and Shenton, it "stands in the lineage of the radicalism's which have searched for an ideal construction of capitalism rather than as an activist form of defence against a capitalist process of development".⁷ Premised on the attachment of indigenous households to the land, it is argued that the scheme of smallholder production was given in opposition to the practice of indentured (migratory) labour and hence, the system of plantation agriculture which it underpinned. The corollary, that the 'labour question' represented the issue on which two opposing forms of production came into direct conflict, was inevitable.

Section six argues that implicit in the prominence given to management within the refashioned domain of the colonial intent to develop, was a fundamental change in the regulatory orientation of state practice. Imperfectly understood, expatriate settlement after

⁶ Cowen and Shenton, 1998, p.50.

⁷ *ibid.*, p.51.

1945 did not mark a return to the “rampant white capitalism” of the pre-war era.⁸ Rather, the movement of capital, international and private, was “activated and coerced” by the Administration as part of its plans for expanded household commodity production. The final section discusses the intent to develop, as elaborated by the first post-war Administrator for the combined Territories, Colonel J.K. Murray. The job of giving concrete expression to the doctrine of trusteeship, as elaborated by Evatt, fell not on Ward, but rather on Murray. His contribution to transmitting these ideas is considered in relation to the structuring of post-war development practice, in particular his attempt to situate the administrative apparatus in a mediating role between international capital and indigenous smallholders.

4.2

Minister for External Territories: Eddie Ward, 1943-1949

In a retrospective address to the second Waigani Seminar on the *History of Melanesia*, Murray described Ward as “approachable, a good listener, humanitarian in outlook and ... responsible for the basic policy [for Papua New Guinea] that was to last from 1945 to the present day which was ... that the interests of the native people are paramount and that priority be given to their educational, social, economic and political development”.⁹ Similarly, in a letter to the Minister following Labor’s 1949 election defeat, Murray spoke of his appreciation of being given the opportunity to “serve under” Ward and in doing so, “helping to put into effect the accepted obligations of Australia with regard to the dependent people of this territory”.¹⁰ In public at least, such praise certainly assisted in creating the image that Australian post-war colonial policy centred on Ward and that there was a “Wardist Native Welfare Policy”. However, on less formal, less public occasions, Murray paints a somewhat different picture of Ward’s commitment to colonial policy and Papua New Guinea. In a memorandum dated 22 December 1948, Murray wrote to the Minister requesting that he act decisively on long overdue legislation. The list included the

⁸ Jinks, 1975, p.494.

⁹ Murray, 1968, p.321.

¹⁰ Murray to Ward, 12 December 1949: Murray Papers MS 5016, National Library of Australia (hereafter, NLA), Canberra.

Public Service Ordinance, the Native Councils Ordinance and the Native Courts Ordinance. On the last two, Murray wrote: "lack of accomplishment in political development has been drawn attention to by the trusteeship council". Ward's failure to act on the Native Councils Ordinance meant that the Administration could not "legally go on with the simplest self-government procedures".¹¹

Of the two contradictory accounts of Ward's relationship to his role as Minister for External Territories, the second is the more generally accepted. At no stage did he give any evidence of having pronounced views on colonial policy derived from his own reading and understanding.¹² Ward had a reputation for being a radical and was certainly on the left of the Labor Party in its ideological struggles. Of particular discomfort to him was being held responsible by radical opinion, both at home and overseas, for a system of indentured labour which was regarded as akin to slavery. In this respect he found being responsible for Australian imperialism both distasteful and a political embarrassment. In writing on a conversation with Ward, John Kerr recalled:

I remember putting it to him once that he was a conservative colonial Minister. To be called a colonial Minister was abhorrent to him - he did not think he *was* a colonial Minister.¹³

Whilst Ward's lack of interest on colonial matters has received considerable comment, the manner in which he sought to reconcile his reputation within the Labour Movement with his position as Minister for Australian imperialism, has largely gone unmentioned. Ward was almost entirely concerned with political attitudes and actions based on a rather idealistic and simplistic socialism. Translated into colonial policy, Hasluck, in commenting on Ward's tenure as Minister, comes close to the mark when he suggested that:

some of the proclaimed love of the native was, in fact, a hatred of the capitalist. It certainly was applied more plainly to the disadvantage of the capitalist than to the improvement of the dependent people.¹⁴

¹¹ Memorandum by Murray, 22 December 1948: Murray Papers MS 5016, NLA, Canberra.

¹² see Legge, 1956, p.225; Johns, 1974, pp.58-59; Jinks, 1975, p.85 and 1982, p.89; Wolfers, 1975, pp.113-114; and Hoyle, 1994, pp.152-153.

¹³ Kerr, 1978, p.122 (original italics).

¹⁴ Hasluck, A Policy for New Guinea, *South Pacific*, 1952, Vol.5, No.11, p.225.

The William McGregor Club, the audience to which this statement was made, included persons who, in personalising the interests of commercial capital in Papua New Guinea, immediately symbolised for Ward the “predatory cliques” (see below), his version of popular-socialism needed in order to derive any ‘meaningful’ sense of radicalism.¹⁵ Thus, writing later of the same meeting, Hasluck maintained that whilst the audience was “more than a little doubtful about me”, the welcome he received “was due less to the fact that I was myself than to the fact that I was not Eddie Ward”.¹⁶

Ward’s “hatred for the capitalist” did not extend to the question of surplus value, at least in its Marxian form. Indeed, Ward held the salient view, common within the Labour Movement of the time, that social relationships, at least those between direct producers, were naturally harmonious. The central question then, relates to what level did his critique of capitalist exploitation articulate and how did this critique come to inform colonial state practice in Papua New Guinea, if indeed it did at all?

Comments, in particular those by Mair, that the ‘new deal’ for Papua New Guinea promised by Ward exhausted itself due to the short-sightedness of a disaffected group of officials, needs to be balanced against the ideas which the Minister brought to the External Territories portfolio.¹⁷ Stanner was correct in his criticism of Mair, that she offers an “insufficient explanation” which lends “force to the supposition necessary on other grounds that the new policy, as stated, was believed at the time to contain almost in itself all that was needed for the transformation of New Guinea”.¹⁸

For Ward, the ‘socialist objective’ was not a question of class struggle, but was rather a question of eliminating, or ‘civilising’, specific personifications of capital - Burns Philp Co. Ltd., New Guinea Goldfields Co. Ltd., Steamships Trading Co. Ltd. and W.R. Carpenter Co. Ltd. According to the Minister, the large trading and plantation firms had “stifled development”¹⁹ in the Territory by exploiting, not only indigenous indentured

¹⁵ On Ward’s Populism, see Love, 1984, pp.159-162.

¹⁶ Hasluck, 1976, p.69.

¹⁷ Mair, 1948, pp.209-210.

¹⁸ Stanner, 1953, p.92.

¹⁹ *Commonwealth Debates*, 16 September 1952, p.1458.

labour, but also small, so-called 'independent', planters and miners. In this sense, exploitation referred not to surplus value, but to the excesses of social parasitism, as expressed in the monopolisation of indigenous migratory labour and the associated process of 'detrification'. That the elimination of indentured labour was posited as synonymous with a policy of regenerating village agriculture, was thus predictable. For example, consider the problem as stated by the December 1944 meeting of the Ministerial Sub-Committee on Australian Territories:

Before the Japanese invasion it was becoming apparent that the development of the Territories was setting up such a demand for labour as to impose a serious strain on native social life ... Resumption of development along the same lines would leave little scope for a policy of developing a native peasant economy. There is good authority for the opinion that the latter form of development is more consonant with long-term native welfare than the permanent regulation of the native population to the status of wage labourers.²⁰

To understand why the decision to abolish indentured labour was believed "to contain almost in itself all that was needed for the transformation of New Guinea", it is necessary to consider the 'new deal' for Papua New Guinea within the implicit tautology which underpinned its post-war formulation.

Unlike Hasluck, Ward, although a wide and substantial reader, never sought to articulate his political views in any elaborated sense. However, from the material available, his views on socialism and his 'critique' of capitalism could at best be described as simplistic. Ward held an unqualified, albeit relatively unexamined, belief in the neutrality of the state, in which its primary role was to protect workers (including small-producers) and consumers by regulating industry and, if necessary, by operating industry where the instruments of production were not being used in a "socially useful manner".²¹

During the inter-war period, Ward became a close friend of Labor M.P Frank Anstey.²² Unlike Ward, Anstey was a literary man of some note, whose publications included

²⁰ Ministerial Sub-Committee on Australian Territories, 6 December 1944: AA A989/1 44/735/144/6.

²¹ O'Meagher, 1983, pp.182-183.

²² Spratt, 1965, p.47.

Democracy and Monopoly, The Kingdom of Shylock and Money Power.²³ On matters of socialism, biographer Arthur Hoyle suggests, that “Ward echoed so many of Anstey’s ideas on international financiers, capitalist control of banks and the need to exterminate ‘the predatory cliques’ that it is difficult to do other than accept that he was ... heavily influenced by Anstey and familiar with Anstey’s work”.²⁴ This is not the place for a detailed account of Anstey’s ‘socialism’. The more pertinent question relates to how his ideas, shared by the Labour Movement, came to be articulated in Ward’s approach to colonial development in Papua New Guinea along the lines of 1) his conception of capital already operating in the territory; and 2) how this conception created space within the Administration for the development of smallholder agriculture.

Underpinning Anstey’s socialism were two discernible but inter-related ideologies: labourism and populism. The standard text on labourism in Australian politics is Jim Hagan’s, *History of the ACTU*. By way of a definition he writes:

The tenets of Labourism were white Australia, tariff protection, compulsory arbitration, strong unions, and the Labor Party. White Australia kept out Asiatics who threatened the standard of living and the union’s strength; tariff protection diminished unemployment and kept wages high; compulsory arbitration restrained the greedy and the unfair employer; a strong trade union movement made it impossible to enhance and supplement arbitration’s achievements; and Labor Governments made sure that no one interfered with these excellent arrangements. *Labourism held that fair dealing was available and obtainable in a capitalist society*.²⁵

Socialism and the negation of capitalism, is inseparable from the negation of wage labour. Within the distributive orientation of labourism however, ‘socialism’ was defined not in terms of negation, but as collective intervention in securing positive changes to the wage form. “It involved a qualified acceptance of the social relations of production under capitalism”,²⁶ in that, the relationship between capital and labour appeared not as a relation of exploitation, but as a process of economic exchange, albeit a potentially unequal one. It follows that as a programme for social change, labourism did not take the

²³ Anstey, 1906, 1917 and 1921.

²⁴ Hoyle, 1994, p.32.

²⁵ Hagan, 1981, p.14 (my italics).

²⁶ Bongiorno, 1994, p.17.

form of an attack on the conditions securing surplus value production, but rather called for greater social justice, epitomised in the belief that the ‘fruits of the earth should go to the tillers’, or ‘A Fair Day’s Wage for A Fair Day’s Work’.

The relationship between populism and labourism in Australian labour politics is an interesting one. As Peter Love has shown, historically populism has occupied an important place in the Labour Movement as the means through which to resolve often contradictory demands by focusing discontent on an identifiable enemy.²⁷ In fulfilling this role, it accords to labourism a sense of radicalism founded on an essentially conservative web of political, social and moral precepts: social justice, equality, co-operation, fellowship and a strong producer ethic. Importantly however, the recourse to a ‘moral economy’, as opposed to a critique of capitalism’s social relations, reflects an ambivalent perception of power in capitalism. Thus, although both ideological currents are by no means interchangeable, as Peter Beilharz explains, they go hand in hand: “clearly the presupposition here is that exploitation is accidental to capitalist production, the result of bad will on the part of evil men; the argument indicates the fundamentally populist nature of labour thinking in Australia”.²⁸ In other words, popular-labourism, as a political discourse, “spoke of capitalists rather than capitalism - imperialists, not imperialism”.²⁹

The combination of labourism and populism created space for radicals such as Anstey to argue for their particular “socialist objective”. According to Anstey, society was not divided on the basis of class, but rather, reflecting an older liberal discourse, he projected an image of social struggle grasped in terms of ‘the masses’, or ‘the people’, against a conspiracy of wealth and privilege. Thus, in the Preliminary to *The Kingdom of Shylock*, Anstey argued that social struggle “is not a question of a class or of class interests”.³⁰ Rather, “the class struggle will disappear with the exterminated interests of the predatory cliques”. As Love suggests, this reference to the predatory cliques encapsulated the moral core of populism, in that, it separates the people, the worker and/or the real producers

²⁷ Love, 1984, pp.187-189.

²⁸ Beilharz, 1986, pp.217-218.

²⁹ Love, 1984, p.187.

³⁰ Anstey, 1917, p.vii.

(including the bourgeoisie in some cases) from money power and the monopolists. On money power, Anstey wrote:

The 'Money Power' is something more than Capitalism. It is its product, yet its master. 'Capitalism', in its control of the great agencies of production, is observable and understandable. The other lurks in vaults and banking chambers, masquerading its operations in the language that mystifies or dazzles. Industrial Capitalism may roll itself up into large monopolies in production and distribution. *It cannot exist for an hour apart from the powers that hold the Monopoly of the Instruments of Exchange. Modern capitalism throws ever-increasing power in the hands of men who operate the monetary machine.*³¹

Reactionary opposition to the social relations of capitalism in terms of predatory cliques, or social parasites, was a common theme linking the nineteenth century agrarian radicalism of William Cobbett to the Chartist Movement and the Fabians. At its core is an understanding of material appropriation linked not to the Marxian category of surplus value, but rather to theories of under-consumption and a confused moralism. Its target was unearned increment, or rent, "as an aristocratic residue" which in an age of monopoly capitalism assumed the form of money power. On unearned increment, money power and war, Anstey wrote:

Give your life or give your money. That was patriotism in the days when patriotism meant 'love of country', and not a blood-sucking money-lender's parody ... [In more modern times] men may die, but money makes no sacrifice. It looks upon bloody war as a rich gold mine yielding fat dividends for ever and ever without an end. Human bloodsuckers, who risk neither life nor limb nor penny, wax fat on Armageddon. They constitute the 'Money Power' that bestrides all countries and makes all nations its slaves.³²

For the Labour Movement, Anstey's analysis had the immediate benefit of containing within a tautology both the 'problem' and the 'solution': "if the quintessence of power and evil in modern capitalism was located in a small predatory oligarchy, then the people's social and moral regeneration could begin with the elimination of that oligarchy".³³

³¹ *ibid.*, p.2 (original italics).

³² Anstey, 1917, p.2 (original italics).

³³ Love, 1984, p.65.

Following the Fabians in Britain (and including the same ambivalent perception of power in capitalism), Labor activists such as Anstey, posited a version of a socialist society which, once arrested from the corruption of the “predatory oligarchy”, would be based on the independent producer. Reflecting that for the working class, land and the idea of small-scale, independent production, remained a meaningful symbol of independence, ‘socialism’ translated as a simple idealisation of pre-industrial capitalism. As Tom Mann explained to a Ballarat Labor Party meeting:

Life had been happier in the middle ages: the ‘masses’ were in many respects better treated by the classes than they are now ... the craftsman had many advantages which he lacked in the twentieth century. There was no machinery, and he controlled production, the means of production, and the tools of labour ... The middleman had not then come along to take the lion’s share of the profits.³⁴

Anstey’s first book, *Monopoly and Democracy*, encapsulated this myth of a golden age where the smallholder or artisan enjoyed the full fruits of their labour. His target was the pattern of land development in the Australian state of Victoria which had concentrated private property in the form of largeholdings, at the expense he believed, of smallholders. Reflecting ideas central to both past and present forms of agrarian populism, Anstey exalted the virtues of pre-industrial values, of which the small producer ‘independent’ of capital for her/his immediate consumption was put forth as an ideal. In a 1904 election speech, Anstey claimed that Victoria’s vast territory, coupled with its relatively small population, meant that “it was quite possible for every father of a family to have a home with a little patch of ground around it”. The advantage of such a situation for the worker he declared, was that she/he could not be moved “by the lash of slavery and necessity, but he would have some guarantee that he might, by his industry, raise some produce from the soil to provide those dependent upon him with the necessaries of life”.³⁵

In undeveloped Papua New Guinea a conspiracy of money power could not easily be read into the actual form of capitalist development. Nonetheless, the form of pre-war development, the concentration and centralisation of plantation, trading and shipping

³⁴ cited in Bongiorno, 1994, p.19.

³⁵ cited in *ibid.*, p.20

activities in the hands of Burns Philp and W.R. Carpenter and, along with New Guinea Goldfields, their monopolisation of indigenous labour power, provided a more than adequate substitute. For example, in March 1941 Ward, then in Opposition, gave expression to what Eric Johns suggests was a defining moment in the genesis of Labor's plans for colonial reform.³⁶ Speaking for the Australian miners employed by New Guinea Goldfields, Ward sought from the Government a commitment to extend the right of industrial arbitration to New Guinea. He pointed out that unsafe practices, poor working conditions, low wages and the likelihood of serious illness had forced the miners into protracted strike action. Of course, Australian wage labour was not the only form of labour engaged by the company and speaking to the Commonwealth Parliament on 30 June 1941, Ward noted that whilst the "white men avoid as much as they can the worst sections of the mines":

the kanakas are compelled to stay where they are put or go to gaol. Many kanakas have returned from the mines to the settlement heavily infected with dust and in declining health. The company has no regard for their condition and pays no compensation.³⁷

Ward's campaign against New Guinea Goldfields was supported by Labor colleague Rowley James, who added his voice by calling for a Select Committee to "investigate the administration of the Territory of New Guinea". With reference not only to New Guinea Goldfields, but also to Burns Philp and W.R. Carpenter, he justified an inquiry on the grounds that "we claim that slavery has been abolished in the British Empire; yet slavery is rampant in New Guinea, not only in the mines but also on the plantations".³⁸

Ward's prior involvement in Papua New Guinea thus led him to the view that European capital in the Territory represented the "predatory cliques" his simplistic 'socialism' so disposed him to identify. Furthermore, the almost hysterical response by commercial interests to his plans as Minister for colonial reform, particularly the response by Robson and the *Pacific Islands Monthly*, did nothing but confirm this. As Hoyle notes, Ward "had little respect for the settlers and the large companies, such as Burns Philp and W.R.

³⁶ Johns, 1974, p.38.

³⁷ *Commonwealth Debates*, 20 June 1941, p.237.

³⁸ *ibid.*, p.243.

Carpenter, which controlled most industrial development in the territories". On the latter, he adds: "their political links were with the Opposition and, as capitalists ... [Ward] clearly identified them with his class enemies".³⁹

The vigour in which Ward attached the labels of exploitation and non-development to the so-called "vested interests" operating in the Territory was by no means limited to him. Expressing a developmental preference for "native agriculture and industries", Coombs, in a letter to J.R. Halligan dated 15 November 1945, advised that "the extent to which Burns Philp, Carpenter and other big concerns should be allowed to dominate the Territories economic life cannot be a matter of indifference to the Government now or later".⁴⁰ Indeed, in addition to the decision to abolish indentured labour, Ward proposed to make available to the 'small' settler "facilities ... [which will] free [them] from financial ties to trading companies".⁴¹ Having located the 'corruption' of past processes of colonial capitalism in the dominance of trading capital, it followed that post-war development doctrine became synonymous with the elimination of that dominance.

Ward's lack of interest aside, his proposed 'new deal' did create a climate in which state practice in Papua New Guinea could be re-directed to check in advance the separation of labour from the means of production. Essentially, it created space for a state-sponsored scheme of indigenous agriculture by restricting the expansion of plantation and trading capitals. In this sense, Murray was correct to suggest that Ward was "responsible for the basic policy [for Papua New Guinea] that was to last from 1945 to the present day".⁴²

³⁹ Hoyle, 1994, p.141.

⁴⁰ Coombs to Halligan, 15 November 1945: AA A989/1 44/735/144/6.

⁴¹ Territories of Papua and New Guinea - Ministerial Sub-Committee - Funds for the Administration of Papua and New Guinea, 27 June 1945: AA A989/1 44/735/144/6.

⁴² Murray, 1968, p.321.

4.3

Ward and Official Papua New Guinea Policy

In March 1945, Ward announced that military control of Papua New Guinea would cease and that civil administration would be returned “as soon as it becomes practical to do so”. Four months later, in July 1945, the Minister introduced the requisite legislation to Parliament in the form of the *Papua-New Guinea Provisional Administration Bill 1945*. As a piece of legislation, the Bill gave effect to the recommendations of the Cabinet Sub-Committee, established in February 1944 to consider the concrete application of the Government’s Pacific policy in regards to Papua New Guinea.⁴³ The Bill superseded the separate administrative Acts of Papua (1906) and New Guinea (1921), thereby allowing for the unification of the two Territories subject to United Nations approval (hence, its provisional aspect). It provided for the appointment of a provisional Administrator and a provisional Public Service, and a single Supreme Court was established. In his second reading of the Bill, Ward gave what was his only speech of substance on Papua New Guinea policy. Its importance however, lies not in its singularity, but in the sense suggested earlier by Murray: enunciating a “welfarist agenda”, it invoked development as a positive means to ameliorate existing social and economic conditions in the Territory, the content of which was indeed “to last from 1945 to the present day”.⁴⁴ In his second reading speech, Ward’s primary task was to give a “concrete meaning” to Labor’s plans for colonial reconstruction as had been articulated internationally by Evatt.⁴⁵ Ward informed Parliament that the:

Government is not satisfied that sufficient interest had been taken in the Territories prior to the Japanese invasion, or that adequate funds had been provided for their development and the advancement of the native inhabitants. Apart from the debt of gratitude that the people of Australia owe to the natives of the Territory, the Government regards it as its bounded duty to further to the utmost the advancement of the natives, and considers that that can be achieved only by providing facilities for better health, better education

⁴³ Territories of Papua and New Guinea: Civil Administration, undated: AA CP637/1/1 65.

⁴⁴ Murray, 1968, p.321.

⁴⁵ Stanner, 1953, p.95.

and for a greater participation by the natives in the wealth of their country and eventually in its government.⁴⁶

Evatt's promise of an economically 'just' colonial policy, was thus to be secured by moving beyond the pre-war practice of limiting economic development to the financial resources of the respective Territories.

The labour question naturally dominated the substantive content of Ward's speech. The decision to abolish indentured labour was announced, internationally at least, in April 1944. In the House Ward promised to achieve this "as soon as practicable", or within a time-frame of five years. As steps toward its eventual termination, the Minister proposed thirteen amendments which were to be incorporated into a new Native Labour Ordinance for the combined Territories. The amendments included an increase in the minimum wage to 15 shillings per month; "the elimination of professional recruiters"; government control of the total number of persons recruited from any one district; an increase in the required rations; a reduction in the hours worked per week to 44; and the period of employment was limited to one year, after which workers were to be returned to their villages for a minimum of three months before re-engagement. As well, the minimum age of employment was increased from 14 to 16; repatriation after one year was to be at the expense of the employer; provision for compensation for injury and death was provided for; and a separate Department of Labour was created.⁴⁷

That a "vigorous policy which will enable natives to take a greater share in agriculture on their own account"⁴⁸ was promised, not by way of a concrete programme for indigenous agricultural development, but as a corollary to plans for labour reform, has been subject to much criticism.⁴⁹ Whilst such criticisms may be justified, they overlooked the fact that despite its rhetoric to the contrary, the agrarian doctrine, as elaborated for Papua New Guinea, did not imply 'agrarianism'. Rather, it stemmed from a particular way of thinking about the process of capitalist development which, to reiterate an earlier point, was given

⁴⁶ *Commonwealth Debates*, 4 July 1945, p.4052.

⁴⁷ *ibid.*, pp.4052-4053.

⁴⁸ *ibid.*, p.4052.

⁴⁹ see Mair, 1948, pp.206-207; and Jinks, 1975, pp.276-277.

“by way of antithesis to the proletarian wage worker”.⁵⁰ Moreover, it was precisely from within the parameters set down by this antithesis that the post-war project of accumulation was mediated. This observation was not limited to Ward. As mentioned, Forsyth’s ‘Notes on the Rehabilitation and Reconstruction’ presented the options for post-war development as twofold:

1. *European Enterprise (Native Labour)*: This envisages continuation of the policy followed in the past, and of necessity is limited by the amount of native labour. It disregards the possibilities and benefits to the territories of the native being educated to become a producer on his own account. Because of its limitations such a scheme is doomed from the beginning; and
2. *Peasant Production*: This suggests a scheme of modified collectivisation under the direction and control of the Government, with the cultivation of such crops as the world needs ... [It requires] the rigid control of the native labour system, directed at preserving population balance, village economy, and the division of labour between the sexes.⁵¹

Similarly, in a letter to Halligan outlining his views on post-war reconstruction, Coombs contrasted the options for post-war development along identical lines:

1. Areas whose main line of economic development is to be as a plantation economy under private white enterprise; or
2. Areas where the main aim will be to develop to new standards, and on a new scale, native agriculture and industries with a minimum of disturbance of the traditional village organisation and the traditional regional distribution of native population.⁵²

For Forsyth, “development by Europeans with native labour”, in discounting the “benefits” of smallholder agriculture, was “not in the native interest”.⁵³ Similarly for Coombs, “the limit to the utilisation of native labour by White enterprise appears to have been definitely reached if village life is not to be destroyed”.⁵⁴ That the reformist elements of Ward’s ‘new

⁵⁰ Cowen and Shenton, 1998, p.51.

⁵¹ Forsyth, Notes on the Rehabilitation and Reconstruction of New Guinea, Papua and Nauru, 10 November 1943: AA CP637/1 44.

⁵² Coombs to Halligan, 15 November 1945: AA A989/1 44/735/166/6.

⁵³ Forsyth, Notes on the Rehabilitation and Reconstruction of New Guinea, Papua and Nauru, 10 November 1943: AA CP637/1 44.

⁵⁴ Coombs to Halligan, 15 November 1945: AA A989/1 44/735/144/6.

deal' for Papua New Guinea came together in a coherent policy on the question of labour, was indicative of the circular reasoning through which the agrarian doctrine was prescribed: insofar as the fluidity of the 'new' was posited from the standpoint of its negative consequences, namely migratory labour and the dissolution of 'community', then the 'old' by definition was abstracted in terms of the stability of the "village" and the continued attachment of indigenous households to the land.

On the question of how the "moral and material welfare of the native inhabitants" was to be reconciled with state plans for expanding household production, Ward invoked what had earlier appeared in Britain as the doctrine of the "paramountcy of native interests".⁵⁵ He directed that:

Formally, the economic development of the territory and the extent to which industry might be expanded were limited only by the markets available and the supply of native labour that could be obtained. There has been some development by natives on their own account. In future, the basis of the economy will be native and European industry with the limit of non-native expansion determined by the welfare of the natives generally.⁵⁶

In a statement dated September 1946, the Department of External Territories expanded on Ward's criticisms of the pre-war Administrations, stating that development practice had created an "undue bias towards the use of native labour in European industry to the detriment of development by the native as an individual and the advancement of native agriculture". The unification of the two Administrations and the subsequent increase in state power and capacity, was indicative of the fact that "the Government ... [was] determined to give the native an opportunity to advance in his own right and not merely to be an instrument for employment by non-native agriculturists or industrialists".⁵⁷ As Ward's most vocal supporter in the House, L.C. Haylen explained: "in the past one of the weaknesses of our control of Papua and New Guinea was undoubtedly the existence of a dual administration". With unification, he added: "all parts of the island that are under our

⁵⁵ see MacWilliam, 1996, p.37

⁵⁶ *Commonwealth Debates*, 4 July 1945, p.4054.

⁵⁷ *ibid.*, p.4052.

control will have the benefits of the same administration”, in particular the policy “that New Guinea is receiving a new deal”.⁵⁸

The tightening and centralisation of administrative control, secured by the passage of the *Papua-New Guinea Provisional Administration Bill 1945*, was prefigured in the shift to ‘positive’ colonialism and the extension of post-war trusteeship to Papua New Guinea. As the Inter-Departmental Committee put it in 1949, “the implementation of this policy involves a much greater measure of governmental responsibility in the planning of economic development than would be involved in the normal forms of unrestricted commercial development”.⁵⁹ At the administrative level, Ward’s directive that “the aim of the Government ... [was] the establishment of the principle of trusteeship respecting dependent people”,⁶⁰ was quoted in a circular instruction dated 2 September 1946, as giving expression to a form of district administration in which the District Commissioner, as a member of the Department of District Services and Native Affairs, was “responsible for the co-ordination of all departmental activities in the District”. As an expression of administrative intent, the justification for this centralisation of trusteeship was stated as:

until the native community can stand on its feet and protect its interests, it is necessary to have all governmental activities co-ordinated by the officer who represents the Administrative Headquarters and who, because of his professional training, knowledge of, and association with natives, is capable of ensuring that the operations of any department shall not conflict with the overall policy of the Administration in respect to native welfare.⁶¹

The unification of the two territories and the subsequent increase in colonial state capacity, “relatively easily made in war-time conditions”, was central to post-war plans for expanded household production. As MacWilliam notes, it made “possible a scheme of uniform development for the whole country”.⁶² Initially expressed in the continuation of the

⁵⁸ *Commonwealth Debates*, 1 March 1949, pp.749, 747.

⁵⁹ Reconstitution of Ministerial and Interdepartmental Committees to Plan the Development of Papua and New Guinea, 1949: AA A609/1 552/198/3.

⁶⁰ *Commonwealth Debates*, 4 July 1945, p.4055.

⁶¹ The Organisation of Administration in Papua-New Guinea with Special Reference to the Powers, Functions and Responsibilities of District Officers in Relation to the Various Technical Officers Posted to District Staff, 2 September 1946: ANU Stanner Papers on Papua New Guinea 1946-1960.

⁶² MacWilliam, 1992, p.136.

National Security Regulations after the cessation of hostilities, the intent, as Prime Minister Chifley explained, was “to enable planning to proceed so that immediate requirements in respect to commerce and agriculture may be met on lines that will be in harmony with the long-range policy of economic development”. Moreover, signalling an end to the spontaneous entry of capital into the Territory, Chifley cautioned that “new plantations may be established only with the expressed authorisation of the Administration”.⁶³ Justified on the grounds of preparing for the “demobilisation of the present native labour force” and “for the rehabilitation of native life and native economy”,⁶⁴ the expatriate response was predictable: Robson, as editor of the *Pacific Islands Monthly* and self-appointed spokesperson for commercial capital in the Territory, reacted to Ward’s decision to extend the National Security Regulations into peacetime, as indicating “clearly that the Government was determined to attack private enterprise and introduce practical socialism wherever possible”. That “there was no scope now in Papua for the qualities by which private enterprise usually made a success of things”,⁶⁵ whilst greatly overstating the point, nonetheless captures the constructivist intent underpinning the emphasis given to state regulation for controlling the movement of capital.

Ward was certainly no expert on colonial policy and practice. However, in seeking to direct government policy in such a way that reconciled his own sense of radicalism with his position within the Labour Movement, the Minister’s moves to reform the system of indentured labour, and with it the colonial state’s role in the organisation of production, provided the base on which more interested parties (the Directorate of Research, the Administration and the Christian missions) could reform the post-war project of accumulation. It must be emphasised however, that just as the agrarian doctrine was given to Ward in antithesis to the landless proletariat, so it was with the Directorate, the Administration and the missions. That is, the intention was to compensate for the negative consequences of primary capitalist accumulation in Papua New Guinea. It is necessary

⁶³ Press Statement by the Prime Minister, 31 July 1945: AA A518/1 CK 824/1; see also Wolfers, 1967, pp.12-13.

⁶⁴ Ministerial Sub-Committee - Territories of Papua & New Guinea - Entry of Civilians, June 1945: AA A989/1 44/735/144/6.

⁶⁵ ‘Administration in Papua and N.G, Socialism Feared’, *Sydney Morning Herald*, 3 July 1945, p.6.

therefore, to turn to both the catalysts and protagonists for change and the events and determinants, which combined to redirect colonial state practice in Papua New Guinea.

4.4

The Department of External Territories versus the Army Directorate of Research

In a statement to the Commonwealth Parliament, Ward's immediate successor P.C. Spender, described the Department of External Territories as the "Cinderella of Commonwealth Departments".⁶⁶ When war broke out in the Pacific, the Department had a staff of twelve, increasing to ninety-five by 1947.

Created in June 1941, the first permanent secretary of the Department of External Territories (later the Department of Territories) J.R. Halligan, was not appointed until May 1944. Halligan⁶⁷ was by all accounts, a pleasant, but conservative departmental head. His career with the Commonwealth Public Service began with the Department of External Affairs in 1911. In 1916 Halligan was transferred to the Department of Home and Territories and spent much of the 1920s as an Accountant stationed at Rabaul. In 1929 he returned to Australia and was attached to the Prime Minister's Department, transferring to the Territories branch in 1933. In 1935 Halligan was seconded to Norfolk Island, first as a Senior Clerk and two years later as Deputy Administrator. On returning to Canberra in 1941 he was appointed Assistant Secretary of the newly created External Territories Department, becoming its permanent head in 1944.

In a May 1940 statement to the British House of Commons, Creech Jones described the *Colonial Development and Welfare Act 1940* as marking "the end of the *laissez faire* attitude towards Colonial development and, I hope, the end of platitudinous talk about trusteeship".⁶⁸ If Ward had expected Halligan and his staff to be abreast of this shift to 'positive' colonialism in Britain, then he was to be sadly disappointed. The Department of External Territories, or more accurately its leadership, was not only the "Cinderella of

⁶⁶ *Commonwealth Debates*, 1 June 1950, p.3650.

⁶⁷ The following passage is based on Jinks, 1975, pp.83-84.

⁶⁸ cited in Louis, 1977, p.101.

Commonwealth Departments” in terms of size and influence, but also in the sense that with Halligan as its head, it appeared immune to the ideals of state-sponsored welfare which permeated Labor’s plans for post-war reconstruction. As Mair put it, “one of the most striking features of the period of reconstruction in New Guinea has been the fact that all progressive ideas ... have come from sources other than the Department of External Territories - from the Minister, the Directorate, the Administrator of the Provisional Government, a minority of officials, and from other branches of the Civil Service, such as the Departments of Reconstruction and External Affairs”.⁶⁹ Exemplifying this conservatism, was a January 1944 report prepared for Cabinet, in which Halligan, whilst noting that the pre-war administration of New Guinea had attracted some criticism, suggested that by and large:

1. Australian administration of Papua and New Guinea has been successful;
2. Australians have developed a flair for native administration and had been ... successful in gaining the confidence of subject peoples and in guiding them to the realisation of a fuller life;
3. It has produced men of a high calibre necessary to the purpose, and has evolved suitable methods of training;
4. By performance Australia has shown conclusively her fitness for the responsibility of the Government of native people; and
5. Experience in New Guinea and Papua and the material available equips her to accept responsibility for the Government of similar territories in the South-West Pacific.⁷⁰

Even a Minister who favoured Australian colonialism would have found it difficult to accept these inflated claims.⁷¹ As an expression of Halligan’s position, the above statement demonstrates that he remained deeply immersed in an out-dated model of colonial administration, epitomised in Sir Hubert Murray’s pre-war approach to colonial practice in Papua, and characterised by benevolent regulation rather than ‘positive’ trusteeship. Implicit was the dualism aptly captured in the sub-title of John Legge’s *Australian Colonial Policy: A Survey of Native Administration and European Economic Development*.⁷² For example, in a 1942 paper on ‘Our Obligation to the South Seas’,

⁶⁹ Mair, 1948, p.204.

⁷⁰ The Territories of Papua and New Guinea Under Australian Control: NLA Ward Papers MS 2396 12/1-17, Canberra.

⁷¹ Hoyle, 1994, p.132.

⁷² Legge, 1956; see also Timms, 1996, p.58.

Halligan set out the options for post-war development in the Australian Territories as follows:

1. Exclusively or almost exclusively for the natives;
2. An admixture on native welfare and advancement and economic development by non-natives.
3. Exploitation of the area for the benefit of the non-native inhabitants with little or no regard for the Indigenous population.

Option three was recast in terms of “the bad old days fortunately passed”; and option one, whilst “sponsored in some quarters”, was not, according to Halligan, “a method that can provide any lasting beneficial result either for the opening up of the areas or the good of the natives themselves”. For the long serving Departmental Officer, option two represented not only the preferred developmental form, but was one which had “been followed by Government in its Territories”. In a statement contrasting with the rejection of *laissez faire* in post-war colonial policy, Halligan concluded that “economic development by Europeans must be regulated by the markets that can be provided for the crops that can be grown, as no matter how fertile the area might be, competition in the world’s market must regulate the extent to which the area can be developed”.⁷³

Insofar as Halligan demonstrated no conscious capacity for revising his views expressed above, it is not surprising that Ward looked to groups outside his Department for ideas more attuned to his sense of radicalism. The central military/civilian vehicle for colonial reform was the Army Directorate of Research and Civil Affairs. According to Murray, “both Prime Minister Chifley and Prime Minister Curtin had been influenced by the Directorate ... and the Minister Mr. Ward, had been very much influenced by the same body”.⁷⁴ In his ‘Retrospect - Papua-New Guinea 1945-1949’, Murray described this influence as “the formulation of a Rooseveltian new deal for Papua New Guinea”.⁷⁵

The Directorate stood apart from the Department of External Territories not only in its relationship to the Minister, but also in terms of its freedom to criticise pre-war Australian

⁷³ Halligan, ‘Our Obligation to the South Seas’, 1942: AA CP637/1/1 37.

⁷⁴ Lunney, S. Interview with Colonel J.K. Murray, January 14-18 1947: NLA, Canberra.

⁷⁵ Murray, 1968, p.320.

colonial practice. As Murray explained: the “Directorate decisively countered a naive tendency to depend on precedents for action, in a revolutionary new system, on what had happened in the between-wars period in the two territories”.⁷⁶ Whereas the Department had failed to appreciate the extent to which the policy of administrative non-development had faltered, the Directorate presented trusteeship as the ‘positive’ means to correct what Blamey had described as the “past abuses which had accompanied imperialism in the Pacific colonies”.⁷⁷ “Safeguards and minimum standards”, Murray wrote in 1949, “are not enough; a positive content is needed, and this was lacking [in the pre-war Administrations]”.⁷⁸

The Directorate of Research, described as “the most unclassifiable unit in the Australian Army”,⁷⁹ was a purely advisory body on civil, military and scientific affairs. Established in April 1942 as an Army Research Section, it was transferred in October 1943 to the Directorate of Military Intelligence and placed under the personal charge of the Commander-in-Chief, General Blamey. In authorising this transfer, the General’s instructions stated that:

1. A Directorate of Research is established. It will be under the Commander-in-Chief. Its function will be advisory, except in relations to the administration of the Directorate’s research projects which it will control. The services of the Directorate of Research will be available to the CGS, the LGA and other PSOs. It will not supersede existing research activities ...
2. The establishment of the Directorate will be settled subsequently, but it will have the power, subject to the Adjutant-General, to co-opt or enlist individuals for temporary service in connection with specific projects as may be required by the Directorate or by Branches.
3. Major A.A. Conlon is appointed Director of Research.⁸⁰

In August 1945, the propaganda journal, *The Australian Army War Effort*, listed the functions of the Directorate as:

⁷⁶ *ibid.*

⁷⁷ Blamey, *The Situation in the Australian Colonies as at January 1944*: VA A742/1 284/1/57, p.4.

⁷⁸ Murray, 1949, p.15; see also Stone, 1944, pp.18-19.

⁷⁹ Hetherington, 1973, p.317.

⁸⁰ *The Directorate of Research*: AA CA 3300.

1. To keep the Commander-in-Chief and certain other officers informed on current events affecting their responsibilities.
2. To undertake specific inquiries and duties on behalf of the Deputy Chief of the General Staff and Principal Staff Officers.
3. To process scientific work in respect to military problems.
4. To advise on civil affairs, including Territories Administration, and to be responsible for Civil Affairs matters and advising in military government in areas in which the Australian Military Forces operate outside Australia.
5. To be responsible for the LHQ School of Civil Affairs.
6. To undertake certain forms of liaison work with the Departments of the Interior, War Organisation of Industry, Post-War Reconstruction, External Affairs and External Territories.⁸¹

Although providing no “executive authority”, the listed functions accorded considerable freedom to the Directorate to conduct activities over a wide range of fields, including post-war planning for Papua New Guinea. On the latter, Murray noted that “during the war whatever we controlled, and we controlled most of Papua right through the war ... we had a military government, whose policy was dictated by Colonel Conlon and the Directorate of Research and Civil Affairs”.⁸²

The Directorate’s role *vis-à-vis* the Department of External Territories was defined, or at least formally stated, in February 1944 following a meeting of the Cabinet Sub-Committee.⁸³ In a statement to the press, Prime Minister Curtin announced that a standing Ministerial Sub-Committee would be established to deal with civil administration in Papua New Guinea, and that there would be the “closest possible collaboration and direct communication between the Department of External Territories and the Army (through the Director of Research A.A. Conlon)”.⁸⁴ Curtin also announced that as of February 1945 the School of Civil Affairs would commence instruction. Administered by the Director of Research, the aim of the School was “to carry on the training of staff for the native

⁸¹ *ibid*; see also Jinks, 1975, pp.124-125.

⁸² Lunney, S. Interview with Colonel J.K. Murray, January 14-18 1947: NLA, Canberra.

⁸³ Territories of Papua and New Guinea: Civil Administration, 18 February 1944: AA CP637/1/1 65.

⁸⁴ *ibid*.

administration of ANGAU [Australian New Guinea Administrative Unit] and later appointment to the reconstituted administration". In summing up, Curtin concluded:

The Directorate maintains continuous liaison with the Cabinet Sub-Committee controlling external territories, and has inaugurated a considerable programme of research, with Government approval, into questions of tropical agriculture, animal husbandry, health, anthropology, native labour, native education etc. The Directorate advises the Commander-in-Chief and the Government on questions of colonial administration, and deals with administrative aspects of re-occupied territories from an Australian point of view. The Directorate represents the Army on numerous sub-committees including those established on native compensation, external territories, aspects of the New Zealand Agreement etc.⁸⁵

The Directorate was a product of the addiction to planning, indicative of a time in which wartime controls concealed the inherent weaknesses of the capitalist state form. It brought together a number of academics and professionals whose knowledge of colonial practice and situations, meant it was uniquely placed to address the basic problem of how to insert a 'positive' content into the administration of Australia's external territories. The Directorate's members, as a who's who of Australian anthropology, law and related fields, included Professor J.K. Murray, Professor Julis Stone, Professor K.S. Isles, Professor W.E.H. Stanner, Sir John Kerr, Sir James Plimsoll, Dr H.I. Hogbin, Dr T.P. Fry, Camilla Wedgwood and Professor James McAuley.⁸⁶

Central to the Directorate's programme for colonial reform, were empirical studies undertaken by Hogbin, Wedgwood, Murray and Fry. Before discussing these studies however, it is important to note that permeating the work of the Directorate was an implicit conception of 'corruptive development', or development not in keeping with itself and manifested in the breakdown of indigenous 'community'. For example, in the context of post-war planning for Papua New Guinea, member of the Directorate Julis Stone, criticised the benevolent paternalism underpinning the inter-war mandate system of colonial administration on the basis that "even insofar as it referred to the evil effects on natives of economic exploitation", it remained "defective since it envisaged the problem of

⁸⁵ The Directorate of Research: AA CA 3300; see Hetherington, 1973, p.318.

⁸⁶ Jinks, 1975, p.127.

native welfare mainly in terms of material conditions such as health and freedom from abuses such as the slave trade". Yet, in the future, he added: "the central problem of native welfare is that of social maladjustment and disintegration".⁸⁷ That 'community decay' was the product of a particular, relatively unmediated form of capitalist development, the reader was left in little doubt. Earlier, Stone elaborated:

It is of the utmost importance that the disintegrating effects of uncontrolled commercial activity upon native peoples be avoided as far as possible, and that positive steps be taken, based on expert understanding [*read* trusteeship] of the fate of native peoples in the past, to turn in a wholesome direction any impact which is unavoidable. It cannot be said that this aspect of native welfare, as distinct from the more concrete aspects like health and conditions of labour, was adequately stressed in the existing mandates system.⁸⁸

The "positive content", as envisaged by Murray, was thus to be secured against the immanent processes of capitalist development and in particular, their "disintegrating effects" on indigenous social life. With respect to Hogbin and Wedgwood, Stone noted that the anthropologists were "convinced that ... it is not possible to pursue simultaneously in colonial policy the aim of maximum welfare of colonial peoples, and the aim of economic opening up of undeveloped regions by Western enterprise".⁸⁹ That the *Pacific Islands Monthly* saw in the Directorate of Research "academicians of known Socialistic inclinations", was thus predictable.⁹⁰

Wedgwood's work for the Directorate⁹¹ consisted primarily of advancing a scheme for the provision of centralised, government controlled education, whilst Hogbin advised on labour reform. Written prior to joining the Directorate, the title of their joint pamphlet,

⁸⁷ Stone, 1944, p.18.

⁸⁸ *ibid.*, p.14.

⁸⁹ *ibid.*, p.15.

⁹⁰ 'End of Queer Wardist Regime in Papua New Guinea', *Pacific Islands Monthly*, May 1952, Vol.22, No.10, p.21.

⁹¹ The transfer of the Hallstrom collection from the Library of the International Training Institute (previously the Australian School of Pacific Administration) to the University of New South Wales in 1997, and the failure of the latter as of July 1998 to complete cataloguing the collection, meant that I was unable to access the reports produced by Hogbin, Wedgwood and Murray for the Army Directorate of Research. However, sufficient secondary and relevant primary material was available from other sources for the intended purpose here of providing an outline of the direction and historical genesis of post-war planning as undertaken by the Directorate.

Development and Welfare in the Western Pacific, aptly captures the authors' perspective, in that, indigenous development and welfare were regarded as synonymous, whilst "European and native interests" were viewed as "diametrically opposed".⁹² For Hogbin and Wedgwood, the pre-war practice of self-sufficiency in financing colonial development meant that "liberal welfare policies have so far been possible only in territories subjected to intensive exploitation". It followed, that "to foster the well-being and progress of the natives ... we [must] abandon all thought of developing the region ourselves and devote our energies instead to training the islanders to do so".⁹³ Thus, the policies of post-war labour and educational reform were to be recast in the context of a 'new deal' or 'new order' for indigenous Papua New Guineans.

Prior to beginning her 1944 tour of the Territory, Wedgwood informed her sister that she had absorbed "at high pressure a lot of literature on African education".⁹⁴ She did not however, see in colonial Africa a model of education which could be applied in the Territory. On the contrary, for Wedgwood the comparative lack of educational development in Papua and New Guinea provided a "clean sheet" on which to develop a system of indigenous education that avoided the mistakes committed elsewhere.⁹⁵ According to David Wetherell and Charlotte Carr-Gregg, "what these African mistakes were, Camilla [Wedgwood] left her readers in no doubt: the main one had been the school's contribution to the spawning of a landless African class adrift from its cultural moorings".⁹⁶

For Wedgwood the central question was "what are you educating the natives for?" In a paper on 'The Development of Native Education in New Guinea', she noted that:

the native education policy of the Government is inevitably bound up with, or dependent upon, the Government's general policy concerning the economic and political development of New Guinea. Is it the Government's policy that the development of the country should be carried out principally in terms of White financial interests, with the Native only as a labourer; or will the

⁹² Hogbin and Wedgwood, 1943, p.16.

⁹³ *ibid.*

⁹⁴ cited in Wetherell and Carr-Gregg, 1990, p.152.

⁹⁵ Hogbin and Wedgwood, 1943, p.27.

⁹⁶ Wetherell and Carr-Gregg, 1990, p.152.

Government's policy aim at enabling the Natives to develop their own land, either as peasant proprietors (as in the cocoa plantations of the Gold Coast, and the cultivation of cotton in Uganda) or on a commune or village basis? As regards to all plans this question is vital. Are the Natives to be educated so that they may gradually be fitted for the responsibilities of self-government, and may acquire the skills and experience to develop a native economy independent of white overlordship and control; or is it intended that they shall always be under the authority of white masters and work for their benefit?⁹⁷

Wedgwood's plans for educational reform clearly anticipated the former. For her, the village, as the site of indigenous 'community', was the real abstraction of development doctrine and hence, it was an "inescapable fact that the native must live a rural life".⁹⁸ Education therefore, had to be related to indigenous social forms, both social and productive. In this sense, Wedgwood reflected the ideas earlier elaborated by W.C. Groves in his *Native Education and Cultural-Contact in New Guinea*. As Wetherell and Carr-Gregg note, Wedgwood and Groves shared a "common philosophy about education as a *via media* between rapid culture change on the one hand and the desire to preserve traditional societies intact".⁹⁹ Appointed Director of Education in 1946, for Groves "the future of the Territory will almost certainly be based on a rural economy and the basis of our educational programme must be the rural life of the mass of the Native people".¹⁰⁰ The perceived role of education in securing the agrarian conditions expressed above, was concisely stated in his pre-war study:

the need is to turn faces of future generations in new directions without alienating or withdrawing them from their native background and destroying their race spirit and race sentiment ... Individuals must be enabled by training to fit into a new cultural background which they themselves, by participation in the educational process that operates at village level and links itself with the native village life, will have helped to evolve. Such an education will lead the people, through future generations, into economic security, religious satisfaction and social stability.¹⁰¹

⁹⁷ Wedgwood, *The Development of Native Education in New Guinea*, May 1945: Camilla Wedgwood Papers NLA MS 483 Box 28, Canberra.

⁹⁸ cited in Wetherell and Carr-Gregg, 1990, p.153. On community as the "real abstraction of modern development theory", see Cowen and Shenton, 1996, pp.475 and 56-59.

⁹⁹ *ibid.*, p.154.

¹⁰⁰ Groves, *Rural Education*, 22 May 1953: Camilla Wedgwood Papers NLA MS 483 Box 7, Canberra.

¹⁰¹ Groves, 1936, p.62.

Returning to the question, 'What are Papuans and New Guineans to be educated for?', Wedgwood's 1944 report, *Some Problems of Native Education in the Mandated Territory of New Guinea and Papua*, opened with the statement:

The aim of native education in Papua is, I take it, not primarily for the purpose of equipping a number of natives to be clerks, store-keepers and technicians, of use to the white man, but to enable all the people to live a richer and more interesting life, to train the children in good citizenship, to improve native health and to enable the people of New Guinea to develop their land, cultivating ... both for their own consumption and for the market.¹⁰²

Wedgwood's thirty year plan proposed the provision of a five stage education system: 1) village, 2) area, 3) intermediate, 4) technical and 5) training.¹⁰³ The aim, reflecting the Administration's policy of uniform (middle peasant) development,¹⁰⁴ was to "provide primary education for all so as to avoid the problems of an elitist programme".¹⁰⁵ The core subjects included house-building, agriculture, animal husbandry and village health; whilst all levels reflected the belief, or "inescapable fact", as Wedgwood saw it, "that the native must live a rural life". For example, technical schools aimed to teach "simple engineering, agriculture for food or money, animal husbandry and the care of agricultural machinery ... [and] to prepare natives who will be capable of using what they learn to raise the standard of life in the villages".¹⁰⁶

The agrarian doctrine which Wedgwood's plan for education foreshadowed was premised on the negation of migratory labour and the development of household commodity production. Labour reform was thus essential for state-directed plans to expand indigenous commodity production. The chief advocate for the abolition of the

¹⁰² cited in Wetherell and Carr-Gregg, 1990, pp.161-162.

¹⁰³ Jinks, 1975, p.437.

¹⁰⁴ see Hasluck, Secondary Education for Papua and New Guinea, 23 April 1956: AA M1776/1 Vol.9.

¹⁰⁵ Wedgwood, The Development of Native Education in New Guinea, May 1945: Camilla Wedgwood Papers NLA MS 483 Box 28, Canberra.

¹⁰⁶ cited in Wetherell and Carr-Gregg, 1990, p.178.

indentured labour system was Hogbin, who, along with anthropologist Peter Elkin, sought to block any return to the pre-war dominance of expatriate forms of plantation production.

That two-thirds of *Development and Welfare in the Western Pacific*, was given to the problem of “social maladjustment and disintegration”¹⁰⁷ arising as a result of the indentured labour system, was indicative of the perceived centrality accorded to labour reform in re-structuring the post-war project of accumulation.

Indentured labour was attacked by Ward on the bases of the returns to labour and the profits it supposedly secured for trading capital in the Territory. For Hogbin and Wedgwood however, whilst noting the “indignation ... expressed at the low wage rate”, the fact that wages, “far from being wisely spent, have usually been gambled away”, demonstrated that the subsistence “needs of the native labourer are in no way comparable with those of workers in Australia or England”.¹⁰⁸ For the anthropologists, “social maladjustment and disintegration” referred not to the relations of exchange, but to the dissolution of indigenous ‘community’ which indentured, migratory labour, was seen to epitomise. As Hogbin and Wedgwood explained:

a more justifiable criticism is that the absence of so many young men during the period when they would normally have been raising families is having an adverse effect on the birth rate; moreover, the fact that the native community is deprived of all its male members during their most active years is leading to a reduction in the area under cultivation and, in some families, to a consequent insufficiency of food.¹⁰⁹

Other examples of its “disintegrating effects” included “sexual maladjustment”; the weakening of “the young men’s notions of the difference between right and wrong behaviour”; “cut off from all home influences in the artificial conditions of the compound, the workers learn to ignore the ethical code of their childhood and learn no new standards with which it might have been replaced”; and “on returning they usually feel so superior on

¹⁰⁷ Stone, 1944, p.18.

¹⁰⁸ Hogbin and Wedgwood, 1943, pp.8-9.

¹⁰⁹ *ibid.*, p.9.

account of their knowledge of the world and their wealth that discipline by older men of the village is impossible".¹¹⁰

On 20 August 1942, ANGAU Commander General Morris, issued an instruction stating that "a District Officer's first duty" was to supply "the requirements of the fighting services", particularly in relation to labour, "even if a temporary sacrifice of native interests is involved".¹¹¹ In August 1942, the total number of labourers under contract to the Army was 7,914. However, as a result of Morris' instruction:

by the end of the year it [the number of labourers under contract] had doubled to 16,050, and three months later it had risen to 18,446. In September 1943 it was 30,000 and by July of the following year it had jumped another 30% to a total of 40,000 under contract of service ... By now, in wartime, many populous districts were Japanese-held, so that less than half the population of the controlled areas were supplying the entire levy.¹¹²

Gavin Long suggests that the number of indentured labourers recruited to the Army peaked at 55,000.¹¹³ It followed that the Army's demand for labour, and the impact this demand had on indigenous social organisation, demonstrated in very real terms the negative consequences of expanding rural accumulation along pre-war lines. As Hogbin and Wedgwood put it, "the inevitable conclusion is that European and native interests are diametrically opposed". However, rather than expel commercial interests from the Territory, the anthropologists advocated "controlled exploitation accompanied by a determined effort to foster native development". "Controlled exploitation" meant checking "the confiscation of too much of their land" and protecting indigenous households "from the major catastrophe of the indentured system", namely the dissolution of "native community".¹¹⁴ The amendments proposed by Hogbin for the elimination of indentured labour were adopted by Ward, as outlined in the Minister's July 1945 speech to the House of Representatives (see Section 4.3 above).

¹¹⁰ *ibid.*, pp.9-10.

¹¹¹ cited in Ryan, 1968, p.540.

¹¹² *ibid.*

¹¹³ Long, 1963, p.83.

¹¹⁴ Hogbin and Wedgwood, 1943, p.16.

In an interview recorded in 1974,¹¹⁵ Murray recalled being “struck” thirty years earlier by the fact that “so little had been done to arrange for the native people, who were accustomed to these crops [copra], to actually share in their production”. Giving expression to the same ‘agrarian bias’ explicit in the work of Hogbin and Wedgwood, Murray reportedly concluded his 1944 agricultural survey for the Directorate by emphasising “that it is necessary to change the ownership from being an expatriate ownership of copra plantation production to native ownership”.¹¹⁶ During his 1944 tour, Murray became convinced not only of the need to refashion rural accumulation *vis-à-vis* indigenous smallholders, but also “that the Islands could provide all Australia’s needs for tropical products”.¹¹⁷ As the first post-war Administrator, this belief was reflected in proposals for securing preferential treatment for the Territory’s products on the Australian market. As protection against the vagaries of competitive capitalism during the initial stages of regenerating household commodity production, Murray did not envisage fixing indigenous labour effort in a ‘dependent’ relationship with the metropolitan economy. Rather, proposals for securing guaranteed markets reflected the conscious intent to refashion state practice as a means through which to mediate between the anarchy of international capitalism and smallholder producers. As Ward explained to the House, “the natives will be encouraged to grow products that will be marketable in Australia” and “the Government will assist in marketing those commodities and ensure a proper return for the labour they put into the soil”.¹¹⁸ The mediating role of the state, as envisaged by Murray, is discussed in Section 4.7. All that needs to be emphasised at this stage, is that the framework through which Murray intended to advance indigenous rural commodity production, was in place as early as 1944.

Fry’s *Relief and Reconstruction in Australia’s Territories in New Guinea*,¹¹⁹ was primarily concerned with the transition from military to civil administration, critical to which he identified a “decision by the Australian Government concerning major principles

¹¹⁵ As with the Hogbin and Wedgwood reports, I was unable to gain access to Murray’s 1944 survey of village agriculture, nor his investigation of the possible forms of post-war agricultural development.

¹¹⁶ Lunney, S. Interview with Colonel J.K Murray, January 14-18 1974: NLA, Canberra.

¹¹⁷ Jinks, 1975, p.508.

¹¹⁸ *Commonwealth Debates*, 1 May 1947, p.1825.

¹¹⁹ Fry, T.P. (1945) *Relief and Rehabilitation in Australia’s Territories in New Guinea*. Institute of Pacific Relations Conference, January 1945: NLA (General Section), Canberra.

of post-war colonial policy, including the lines of economic development, the roles of private and government enterprise, future native policy, and strategic plans based on Australia's national and international obligations".¹²⁰ Consistent with the views of the Directorate, "one policy innovation" which was seen as having "far-reaching implications" was the intention to abolish the indentured labour system "as soon as practical".¹²¹

Whilst acknowledging that the decision to abolish indentured labour "may ultimately result in a substantial increase in the number of native 'casual' or 'free' labourers" and hence, to the "problems of native unemployment, trade unionism, labour mobility, and alike", Fry, in giving expression to the primacy of the agrarian doctrine in post-war planning, noted that "the creation amongst the natives of a system of agricultural peasant proprietorship" would ameliorate such problems.¹²² Thus, he referred to the need for the "control of economic development, in order to protect the individual welfare, and the social and economic stability, of the native communities". Identified as central to this programme for regenerating indigenous agriculture, was the expenditure by the Australian Government "of considerable annual sums from its mainland revenue".¹²³ The figure quoted by Fry for "relief, rehabilitation and reconstruction", was £20 million.¹²⁴

On the question of smallholder development, Fry conceded that it was "unlikely to result in intensive economic development of New Guinea in the immediate post-war era".¹²⁵ The Army's demand for indigenous labour, meant that "the inhabitants of some villages could scarcely produce enough food or repair their villages". Noting that the disruption to indigenous social life was further exacerbated in villages within operational zones, Fry identified "relief and rehabilitation of the natives" as "the first ingredient of any programme". That intensive economic development was unlikely in the immediate post-war period reflected the fact that "native rehabilitation" was seen as synonymous with renewing the requisite conditions for agrarian/household (re)production. As Fry put it, "rehabilitation of the native communities is almost equivalent to the complete re-

¹²⁰ *ibid.*, p.7.

¹²¹ *ibid.*, pp.8-9.

¹²² *ibid.*, p.18.

¹²³ *ibid.*, p.9.

¹²⁴ *ibid.*, p.20.

¹²⁵ *ibid.*, p.18.

establishment of [the] village economy". Rehabilitation and reconstruction was seen to entail:

1. Contributions of advice, tools, seeds, and the release of manpower, for the repair of villages and re-cultivation of gardens;
2. The selection of new sites for vacated villages, removal of villages thereto, and assistance in the lay-out and building of villages and cultivation gardens;
3. The repatriation of fit young males to cultivate gardens and reconstruct villages and village industries;
4. The establishment of trade stores to sell trade goods;
5. The maintenance of peace and good government by means of courts, European administrative officials, native officials in villages and police;
6. The provision of educational and medical institutions;
7. The granting of facilities to missions for work amongst the natives; and
8. Compensation for personal injury and war damage to property.¹²⁶

Mair suggests that the importance of the Directorate in terms of New Guinea policy lay not so much in its formal administrative role, but rather in its support for colonial reform.¹²⁷ Whilst concurring with Mair, Jinks suggests that from the few studies which can be directly linked to the Directorate, there are sufficient "indications that a firm basis for detailed planning was being prepared".¹²⁸ Of course, neither the studies nor the basis for planning can be separated. Following the Cabinet Sub-Committee meeting in which Curtin agreed to formalise the role of the Directorate in directing colonial reform, Officers Stanner and Kerr were sent to London to report on post-hostilities planning in the United Kingdom and to take part in discussions with, amongst others, the Head of the Pacific Section in the Colonial Office, Trafford Smith, and his Civil Affairs equivalent, Lieutenant-Colonel Taylor. The report compiled by Stanner and Kerr stated that in the area of joint planning, Australia was deficient. There was:

1. No formal body in Australia concerned to consider in detail these very important Pacific problems which the PHP [Post-Hostilities Planning] Sub-Committee here has now started to consider.
2. No machinery for collaboration with the British on such work.

¹²⁶ *ibid.*, p.10.

¹²⁷ Mair, 1948, p.203.

¹²⁸ Jinks, 1975, p.132.

3. Col. Rourke is the only point of contact with the PHP Sub-Committee here and he is uninformed on [Australian] Government policy or service planning, except as it is known to the High Commissioner.¹²⁹

It was further stated that although the “PHP Sub-Committee has started work on the general strategic requirements of the British Empire and Commonwealth in the Pacific”, it remained relatively “uninformed ... about Australian strategic thinking on problems of this area”. As a result, the report identified a need for “low-level planning organisations at both ends, working in close contact”.¹³⁰

As MacWilliam notes, the problems identified by Stanner and Kerr “strengthened the hand of Blamey and his allies in the government [who] wish[ed] to reform the direction of post-hostilities planning for Papua New Guinea”.¹³¹ The aim of structuring closer ties with the Department of Post-Hostilities Planning in Britain, was to strengthen the position of the Army in ensuring colonial reform along the lines suggested above: “the lesson to be learned”, Stanner and Kerr concluded, “is that in Australia, if the Defence Department and the Services can adjust matters between them, they can undertake most of the work on post-hostilities planning”.¹³² The assumption made by Conlon was that the process of post-war reconstruction in Papua New Guinea would be completed under the Directorate and that the Territories would not be handed over to civilian government until the Army had completed developments far in advance of any previously contemplated. In 1944 he assumed that the war had another two to three years to run and, to paraphrase Wetherell and Carr-Gregg, such a timetable allowed for comprehensive planning in agricultural, labour, education and health, over which the army would exercise exclusive control.¹³³

According to Murray, “what the Directorate ... wanted to do was to continue what the Army had done with a civil administration instead of a military administration”.¹³⁴ As an

¹²⁹ Preliminary Report of Lt.Col. W.E.H. Stanner and Lt.Col. J.R. Kerr on Visit to London April-May 1944: VA MP729/8/0 49/431/71.

¹³⁰ *ibid.*

¹³¹ MacWilliam, 1996, p.34.

¹³² Preliminary Report of Lt.Col. W.E.H. Stanner and Lt.Col. J.R. Kerr on Visit to London April-May 1944: VA MP729/8/0 49/431/71.

¹³³ Wetherell and Carr-Gregg, 1990, p.148.

¹³⁴ Lunney, S. Interview with Colonel J.K Murray, January 14-18 1974: NLA (Oral History Section), Canberra.

organisation, its plans relied heavily on contemporary thinking in Britain and on the essentially Fabian philosophy which informed post-war colonial practice in Africa. Diffusing, or 'permeating' these ideas within the civil administration was thus essential and in this sense, James McAuley wrote of the Directorate's "main success" as "laying the foundations for administrative staff training through the Australian Army School of Civil Affairs, and for research through the Pacific Territories Research Council".¹³⁵

Appointed to the Army School of Civil Affairs (later the Australian School of Pacific Administration, or ASOPA) in 1945 to undertake a lecture programme on colonial administration, Mair described her role as bringing to the School "a knowledge of the way in which administration problems comparable with those in New Guinea had been dealt with in the African Territories". On the criterion for staff selection, and reflecting the policy direction envisaged for the Territory by the Directorate, Mair noted that "we were thought to be more interested in the 'well-being and development' of the indigenous population than in the profitability of plantations and mines".¹³⁶ In the first edition of her *Australia in New Guinea*, Mair described her primary contribution to the School's curriculum as showing:

that the problems of New Guinea are those which every colonial administration has to face, and to indicate what experience elsewhere could contribute to their solution. The new policy for the Australian Pacific Territories announced by Mr. Ward in July, 1945, was an example of the adoption of principles tested by experiences elsewhere, and the teaching given at the Civil Affairs School, which later became the Australian School of Pacific Administration, was in line with those principles.¹³⁷

At a Conference in April 1947, Murray identified the role of the ASOPA as twofold: first, "we look to the School for information for the Administration"; and second, to eliminate "one of the most serious handicaps that the Administration suffers", namely "the appalling ignorance in regard to Colonial Policy in departments other than the District

¹³⁵ McAuley, 1949, p.41.

¹³⁶ Mair, 1970, p.1.

¹³⁷ Mair, 1948, p.v.

Services”.¹³⁸ Murray was to be continually frustrated by the School’s inability to operate in an effective research capacity.¹³⁹ In a letter to Ward dated 2 April 1947, Murray warned that the Government’s “policy, and really anything better than a mid-Victorian colonial administration, is impossible without an adequate research and training institution”.¹⁴⁰

The second role of ASOPA, namely to develop an “appreciation of Colonial Policy” within the Administration, meant instructing students in the shift to ‘positive’ colonialism in Britain. Comparative colonial administration, for example, meant a programme “primarily ... concerned with the policy and administrative methods employed in the British colonies and dependencies”.¹⁴¹ Lecture notes by Stanner, suggest that this so-called ‘comparative’ focus was reinforced across sections relating to ‘development and welfare’, ‘legal administration’, ‘native labour’, ‘native land tenure’, ‘local government’ and the ‘economic development of Pacific peasant peoples’.¹⁴² Bill Conroy, a former lecturer at ASOPA and later the Territory’s Director of Agriculture, Stock and Fisheries, described the content of the School as relying on:

British models to a very large extent ... The colonial service generally, and the agricultural service in particular drew upon British traditions.¹⁴³

This in turn, was reflected in the School’s periodic publications *Monthly Notes* and later, *South Pacific*. Directed at providing “a similar sort of stimulus and source of information as is now provided by ASOPA”, academic and policy contributions to the journals drew extensively on “the experience which has been gained in Africa and similar places”.¹⁴⁴ McAuley, a lecturer in colonial administration at ASOPA until 1961, regularly reviewed aspects of British colonial policy for *South Pacific*, including a series of articles on the significance of the *Colonial Development and Welfare Act 1945* for New Guinea

¹³⁸ Conference Concerning the Future Activities of the Australian School of Pacific Administration, 19 April 1947: AA A518/1 AA815/1/1.

¹³⁹ see Jinks, 1975, pp.300-303.

¹⁴⁰ Murray to Ward, 2 April 1947: PNGNA a.82 b.171 f.gh 7-5.

¹⁴¹ Proposed Short Course of Training for Cadets of the New Guinea District Services, undated: AA A989/1 44/735/144/6.

¹⁴² Stanner Papers on Papua New Guinea, 1946-1966: ANU, Canberra.

¹⁴³ cited in Timms, 1996, p.89.

¹⁴⁴ Willoughby, *South Pacific*, 20 December 1959: PNGNA a.82 b.312 f.73-6-1.

policy.¹⁴⁵ Writing to Principal C.D. Rowley in March 1959, the Director of District Services and Native Affairs J.K. McCarthy, noted that *South Pacific* dealt with similar subjects and was indeed, modelled on the British colonial journal *Corona*. In fact, the content was so similar that due to the latter's "less-dry", more "readable style", it was, according to McCarthy, generally favoured by the Administration staff over *South Pacific*.¹⁴⁶

The role of ASOPA, as stated by its Principal John Kerr in 1946, was to develop a "common intellectual atmosphere" in the administration of the Pacific Territories.¹⁴⁷ Its success in achieving this is difficult to assess. However, the intention was clear. Following the conclusion of the first course, the *Pacific Islands Monthly* reported:

there was too much anthropology in the School, and too much Conlon [the Director of Research] everywhere ... The students expected that the School would give them a well-rounded-out picture of tropical administration. Instead, it was devoted to a very large extent to instruction on native affairs and native welfare. European and economic affairs were comparatively neglected.¹⁴⁸

The reason for discussing the form and content of ASOPA is to challenge claims by R.G. Ward and J. Ballard of a uniquely Australian approach to colonial policy in which "a level of awareness of the experience of other colonies ... was not readily available", particularly in relation to "the average Australian administrative officer".¹⁴⁹ Evidence suggests that senior officials in the Administration, particularly the Department of Agriculture, Stock and Fisheries, were acutely aware of the direction of agricultural planning in the African colonies and its emphasis on expanding indigenous production. As Timms notes:

the first post-war Director of the Department of Agriculture Cottrell-Dormer, requested reports prepared by the British Colonial Office between 1943 and 1946 ... In the late 1950s the Director of Agriculture, Dwyer, made a request

¹⁴⁵ McAuley, 1946 and 1947; see also Timms, 1996, p.86.

¹⁴⁶ McCarthy to Rowley, 26 March 1959: PNGNA a.82 b.312 f.73-6-1.

¹⁴⁷ cited in Stanner, 1953, p.111.

¹⁴⁸ cited in Jinks, 1981, p.19.

¹⁴⁹ Ward and Ballard, 1976, pp.443-444; see also Howlett, 1969, pp.208-209.

to the British Colonial Development Corporation to continue to send relevant reports and published journals so that he might be kept informed.¹⁵⁰

At a lower level of the Administration, this commonality in colonial agricultural practice is equally apparent. In a letter to Cottrell-Dormer dated 28 September 1947, Assistant Agronomist G.J. Harvey, suggested that “if we are to develop a sound economic and co-operative agriculture we must study the agriculture and economics of other native and peasant countries, while at the same time examine some of the pitfalls already encountered in these countries”. A list of books dealing primarily with peasant production in West Africa, including publications by the Fabian Colonial Bureau, were recommended as providing “the basis of this work”. In justifying the purchase of such material, Harvey wrote:

It appears that the main theme of my work at Kerevat [a lowlands agricultural research station] is to do with native agriculture and development of lowlands agriculture. I feel that before any work is actually commenced we must have a definite plan in view.¹⁵¹

The suggestion that the Territory Administration was devoid of a comparative perspective in colonial policy belies the fact that even the outwardly nationalist figures of Ward and Hasluck regularly received material from the Colonial Office. The latter, for example, in commenting on the Department’s annual booklet, *The Progress of the Australian Territories*, declared “a definite preference for a publication similar to the review of the United Kingdom’s Colonial Development and Welfare Acts”.¹⁵² Ultimately, however, this convergence between British and Australian colonial practice was given in the primacy accorded to smallholder agriculture and the shared idea of development which informed its extension. Exemplifying the extent of this convergence, was the debate on indentured labour.

¹⁵⁰ Timms, 1996, p.88.

¹⁵¹ Harvey to Cottrell-Dormer, 28 September 1947: PNGNA a.12 b.3875 f.1-1-8.

¹⁵² Hasluck, Booklet - *The Progress of the Australian Territories*, 29 November 1956: AA M1776/1 Vol.10.

4.5

The Question of Labour

In 'A Paper on Native Labour' delivered to the 1944 ANGAU Conference, Major D. Vertigan noted that whilst "excessive employment of natives is one of the biggest detribalising factors", the necessity of war meant "the incidence of recruiting has resulted in almost all the fit adult males being removed from villages and as a result this has entailed considerable hardships on those remaining".¹⁵³ Should the pre-war pattern of European plantation development continue, the Army's unrestrained demand for indigenous labour provided a window through which the advocates of colonial reform could view the excesses of primary capitalist accumulation - poverty, landlessness and the breakdown of indigenous 'community'.

The public debate on the question of labour began in earnest in 1943. Initially, the advocates of reform were represented by an unlikely coalition between the academics, Elkin and Hogbin, and the missions. In April 1943, New Guinea Bishop P.N.W. Strong, was quoted, somewhat conservatively, as advocating a 'new deal' for Papua New Guinea as "a symbol of national gratitude" and based "upon the best principles of the pre-war order rather than upon an effort to revolutionise the lives of the inhabitants".¹⁵⁴ The Bishop's primary concern was to pre-empt the secularisation of education in Papua New Guinea. Initially resigned to accepting that after the war "there must ... be a greater inroad ... of secular, materialistic and commercial enterprise into New Guinea" and that "these are bound to react upon the still young and primitive minds of the natives", Bishop Strong invoked the idea of 'corruption' as justification for retaining mission-controlled schooling. Treating as synonymous the extension of private enterprise and "receiving the old materialistic civilisation which has brought the world to ruin twice in a quarter of a century", he countered that:

¹⁵³ Maj. D. Vertigan, A Paper on Native Labour, 1944: PNGNA ANG 1/1.

¹⁵⁴ 'New Order for New Guinea, Missions' Plan to Repay Natives', *Sydney Morning Herald*, 27 April 1943, p.2; see also Burton, 1949, p.112.

the only bulwark against the evil influences of these things that they [indigenous Papua New Guineans] can have is the power of grace. If we allow education to pass out of the hands of the missions [and into the state] I believe we shall be selling our trust.¹⁵⁵

As a statement of position, Bishop Strong was clearly more concerned with self-interest or preservation, than with any 'positive' extension of trusteeship. However, later in November 1943, and as a corollary of an emerging position on indigenous economic advancement, the Anglican Bishop spoke of the need for caution "against men who planned to make money in New Guinea because of cheap labour".¹⁵⁶ This shift to a more prescriptive doctrine of development, at least insofar as restraining commercial capital was concerned, came as a result of the November 1943 Anglican Archbishops and Bishops Conference. Central to the conference was the adoption of a fourteen point Charter drafted by Elkin and Bishop J.W. Burton, and published in Elkin's *Wanted A Charter for the Native Peoples of the South-West Pacific*.¹⁵⁷ Of the fourteen points included in the Charter, three were specifically concerned with indigenous smallholder development. Of these three prescriptive points, the first, or point seven in the Charter, declared that:

non-native interests (commercial, agricultural, mining, etc.) be allowed to function only insofar as they do not impinge on nor threaten the welfare of the indigenous populations; and that insofar as this occurs, the interests concerned be compensated and the land reserved for native use.¹⁵⁸

That household production was given in antithesis to migratory labour was made explicit in the following clause. Point eight sought an examination of the system of indentured labour:

not merely from the point of view of a source of labour, but also, and more especially, with regard to its effect on native community life and its contribution or otherwise to native agriculture and social progress.¹⁵⁹

¹⁵⁵ *ibid.*

¹⁵⁶ cited in 'Bishops and Anthropologists to the Rescue of Fuzzy Wuzzy', *Pacific Islands Monthly*, December 1943, Vol.14, No.5, p.10.

¹⁵⁷ 'Native Races Future, Australia's Duty as Trustee', *Sydney Morning Herald*, 30 November 1943, p.7.

¹⁵⁸ *ibid.*, p.10.

¹⁵⁹ *ibid.*

Point nine urged, “that every effort be made to establish native community enterprises (particularly plantations) and to develop peasant proprietorship”.¹⁶⁰ In this sense, as one commentator noted, both Elkin and Bishop Burton “have applied the example of some African territories to the problems of the Pacific, and have seen a solution in systems of indirect rule, agricultural education and communal farming”.¹⁶¹ Of course, peasant farming, or “community plantations”, as Elkin preferred, was no more pre-adaptive to traditional Papua New Guinean society than it was in British colonial Africa. The point being, that as a form of commodity production, peasant proprietorship was conceived as an ideal. That is, in opposition to the shattering of ‘community’ arising from competitive capitals ‘need’ for cheap indentured labour. Thus, in terms of examining the system of indentured labour from the standpoint of its affect on “native community life”, Bishop Burton, writing on the “aims and policy of modern missions”, declared that:

the recruiting of the best able-bodied men from the villages throws too heavy a burden on the older men and the women of the community. The village sags badly. Domestic relations are ruptured, and the social structure, so important to a native people, is disorganised. There is considerable evidence that over-recruiting from the villages has resulted in depopulation in large areas.¹⁶²

In terms of its “contribution or otherwise to native agriculture and social progress”, indentured labour stood equally condemned:

There is no economic future for the native in this system and there is no worthwhile future envisaged. The work on the plantation is not organised in the interest of the native but of the owner. The training, such as it is, to carry out certain specific tasks does not prepare the labourer to go back to his village and create a plantation of his own. Rather the reverse; it unfits him for the native ways of agriculture rather than leads him to adopt new and better methods.¹⁶³

¹⁶⁰ *ibid.*

¹⁶¹ ‘A Native Charter for Melanesia, What Australia may do with Papua and New Guinea’, *Pacific Islands Monthly*, May 1943, Vol.13, No.11, p.31; see also Burton, 1944, pp.42-50.

¹⁶² Burton, 1949, p.114.

¹⁶³ *ibid.*, p.115.

Worst still, “new economic standards and practices are brought into the village when the natives return, and this marks the beginning of individualism”.¹⁶⁴ In considering “economic systems in the light of their effect upon native well-being”, indigenous cocoa production in the African Gold Coast, which in 1937 secured over £10 million in revenue, was held up by Bishop Burton as an example of ‘appropriate’ development, or developmental intent in keeping with itself. He advised, that “it would seem that along such a road as has been surveyed in the Gold Coast the salvation of the natives of the Pacific lies”.¹⁶⁵ Just as West African labour was inserted into the capital-labour relation through the development of household production, so it was in late-colonial Papua New Guinea.

In essence, the labour question centred on two opposing forms of accumulation - one in its primary stage of existence (plantations) and the other, an ideal (smallholders) conceived as antithetical to the former. Exemplifying this, was a submission dated 13 August 1943 by the Pacific Territories Association.¹⁶⁶ According to the Association, “the first duty of the administration ... should be the formulation of a large-scale agricultural development policy”.¹⁶⁷ Whilst it was mentioned that “the natives ... [should] be encouraged to grow village crops suitable for export”, suggested policy determinants clearly envisaged “large-scale agricultural development” as premised on the extension of existing plantations and estates. On the question of land, it was recommended that laws “be on the basis of those in force in Papua with certain amendments”. These included, the “provision for the issue of titles other than Crown Leaseholds of 99 years for agriculture” and the “provision for the direct leasing of land from the natives ... where natives are unwilling to sell land outright”. On the question of ‘waste’ land, the Association suggested that “a survey be made of all available land by competent surveyors, agricultural experts and land buyers, with the view of alienating to the Crown all waste land not required or likely to be required by natives at any future date”.¹⁶⁸ On the question of labour, the submission called for:

¹⁶⁴ *ibid.*, p.114.

¹⁶⁵ Burton, 1944, p.50.

¹⁶⁶ The Pacific Territories Association was a conservative (anti-reform) civil pressure group representing the Papua and New Guinea settlers in exile in Australia; see Wolfers, 1967, pp.7-15.

¹⁶⁷ The Pacific Territories Association - Memorandum on Post-War Reconstruction of Pacific Territories: AA A989/1 735/144/3.

¹⁶⁸ *ibid.*

1. Native labour in the Federated Territories should be controlled by legislation to that in force in Papua and New Guinea.
2. The system of indentured labour previously in force to remain, with the provision for the employment of 'free' labour similar to that in vogue in Papua. Provision to be made for wives of indentured natives to enter into indenture with their husbands and encouragement given for women to accompany their male relatives under indenture when leaving their village for employment.
3. Provision to be made for the importation into the Federated Territories, where necessary, of 'foreign' labour to supplement local manpower, such labour to be introduced only for fixed terms and under conditions as to repatriation.¹⁶⁹

Rather than reforming the indenture system in such a way that would encourage indigenous smallholder development, the above amendments, in particular the provision for women to enter into indenture, clearly sought to secure conditions which would ensure a relatively large class of labourers whose access to the means of subsistence was conditional on the sale of their labour power. Indeed, as Hubert Murray had earlier cautioned in 1921, whilst such a "scheme sounds attractive ... it is feared that the result would be to transform the present race of peasant proprietors into a landless proletariat, entirely dependent on the plantations for their livelihood".¹⁷⁰ The same sentiments were expressed in a 1939 report by the Native Labour Commission. In discussing the question of establishing communities of indentured labourers on plantations, it was suggested that any such scheme would lend itself to the "economic ruin of the natives themselves". By "economic ruin" the Commission, echoing Murray, meant their transformation "from being peasant proprietors" to "landless labourers ... dependent for their living on the wages planters paid".¹⁷¹

Following the 1943 Anglican Bishops Conference, the missions, supported by Hogbin and Elkin, presented a submission to Evatt arguing for the abolition of indentured labour. Dated 2 February 1944, the submission stated that "the very fact that these [indigenous] races have been disturbed and disrupted and their lands and villages turned into battlefields [so] that Australia might be safe, constitutes a moral challenge to our country that cannot

¹⁶⁹ *ibid.*

¹⁷⁰ Murray, 1920, p.11.

¹⁷¹ cited in Commonwealth of Australia. Department of External Territories. Native Labour Conference: NLA Ward Papers MS 2396/12 260-346, Canberra.

be evaded". Whilst recognising that Australia's "present urgent need for tropical products may justify emergency measures being taken just now to obtain and use native labour", the submission urged that "once the war is over and this urgent need passes ... our paramount concern will transfer itself to the welfare and progress of the native peoples for whom we shall be trustees". On the form this trusteeship should take, the recourse to the agrarian doctrine was explicit: "we ask the Government to consider the abolition of the indenture system and the encouragement and instruction of the native to develop his lands for his own needs in order that he may become conscious of being an end in himself and that he may thereby more rapidly and certainly reach independence and security". In short, 'development' was invoked as a means "to help them to be progressive villagers".¹⁷²

In receiving the submission, Evatt did not respond directly. This is not to suggest that he was unsympathetic to objections raised by the missions. According to Hasluck, Evatt had read and was "influenced" by Elkin's pamphlet. Indeed, "he gave an instruction that the fourteen points of Elkin's suggested charter be reproduced as one of the papers for the [Australian-New Zealand] conference".¹⁷³ However, rather than respond directly, Evatt approached Coombs, who, in a letter to Halligan dated 15 February 1944, stated that he had been asked by the Minister to inquire "about the probable effect of a more or less immediate abolition of the indenture system in the Territories normally under Australian jurisdiction". Putting into context the speed in which the Government moved to terminate existing labour contracts, Coombs added that what Evatt "had in mind [was] that since so many of the plantations are out of action anyway, this would be the most appropriate time to make a move".¹⁷⁴ Dated 8 March 1944, Halligan's reply stood in direct opposition to the proposal put forward by the missions and the Department of External Affairs, and did little to engender confidence that the Department of External Territories was capable of re-directing policy along the reforming lines. Whilst noting that "there has been strong criticism of the indenture system" and that "there are no doubt great difficulties connected with it", Halligan's notes were primarily concerned with defending the status quo, or as he himself put it, to point out that "there is another side to the picture":

¹⁷² Natives of Papua and New Guinea. Representation by Missionary Bodies, 7 February 1944: AA A518/1 C213/3/2.

¹⁷³ Hasluck, 1980, pp.119-120.

¹⁷⁴ Coombs to Halligan, 15 February 1944: AA A518/1 C213/3/2.

Critics who have not observed it [indentured labour] first hand are apt to overlook its educative value in (1) the development of character and habit of industry engendered. (2) Experience of improved agriculture. (3) Instruction in sanitation and personal hygiene. (4) Appreciation of discipline and the value of introduced law and order. (5) Practical application of the principle of contract and (6) a regular life as against an irregular one.¹⁷⁵

Significantly, the objection that indentured labour acts as a barrier to indigenous smallholder development was not initially included in Halligan's list of concerns. Moreover, on the viability of a centrally regulated scheme of smallholder production, Halligan was dismissive. In demonstrating an almost complete failure to grasp the 'positive' side of post-war colonial trusteeship, he noted that:

in parts of Africa development by natives alone has been very successful, but it does not follow that from the beginning a similar course could be followed in New Guinea and Papua. That, however, is something for the future. If left to themselves the natives of these territories could never have developed plantations, exploited forest produce or engaged in mining. They could be taught and the non-native enterprises were not only the best but the only schools in which they could learn. So we come to a combination of the two methods i.e. the non-native providing the capital and the native the labour.¹⁷⁶

In September 1944 the Government formally announced its intent to abolish the system of indentured labour.¹⁷⁷ Given that the Directorate had leaked Ward's plans to the press a month earlier, the Minister's announcement merely gave expression to what was already public knowledge.¹⁷⁸ Indeed, by the end of August 1944 the Pacific Territories Association, in foreshadowing the Minister's statement by a month, had successfully collected some twelve pages of signatures requesting the retention of indentured labour, arguing that to abolish it "would be contrary to the interests of the native inhabitants and

¹⁷⁵ Halligan, Notes on the Indentured Labour System - New Guinea and Papua: AA A518/1 C213/3/2.

¹⁷⁶ *ibid.*

¹⁷⁷ *Commonwealth Debates*, 22 September 1944 p.1268.

¹⁷⁸ Jinks, 1975, p.275.

result in chaos in the economic development of the country".¹⁷⁹ On receiving the petition, in a move somewhat out of character for the Minister, Ward called a Native Labour Conference to debate, not the question of labour reform, but rather to plan the steps in which government policy should be implemented. On 1 December 1944, representatives of the missions, the Directorate of Research, the Department of External Territories, the Pacific Territories Association and other commercial interests met in Sydney to discuss the Government's proposals.¹⁸⁰ Conspicuous in their absence were the largest pre-war employers of indentured labour - Burns Philp, Bulolo Gold Dredging, W.R. Carpenter, Steamships Trading and New Guinea Goldfields. In commenting on this 'oversight', the *Pacific Islands Monthly* was not far off the mark when it ventured to suggest that their "viewpoint is not wanted - because they are big and powerful, they are regarded as the natural enemies of the natives, and of the Administration, and of Mr Ward".¹⁸¹ More generally, the fact that the settlers invited to attend the conference were greatly outnumbered by officials, academics and missionaries, was testimony to their reduced status in the determination of post-war colonial policy.

Unable to attend the first day of the conference, Ward's opening statement was read by Halligan who, in the Minister's absence, also acted as chairperson for the conference. From the outset, the Government's commitment to abolishing the indenture system was made clear: "the whole purpose of this conference", Ward wrote, "is to obtain an expression of opinions to assist the Government to arrive at the fundamentals of a system of native labour control to replace the indenture system". As a guide, the Minister put forward "two basic principles which should be observed": "that all labour should be voluntary and based on the fundamentals of human rights and dignity"; and "that no non-native is entitled by right to the labour of the natives". Ward added:

¹⁷⁹ Pacific Territories Association to the Ministerial Sub-Committee, 26 August 1944: AA A518/1 C213/3/2.

¹⁸⁰ Attending the conference was E. Ward (Minister), J.R. Halligan, R. Melrose, E.W. Chinnery, Lt. Col E. Taylor (Department of External Territories), H.L Murray (Administrator of Papua), Lt.-Col. Hogbin, Professor Elkin (Directorate of Research), Rev B. R. Wyllie, Dr F.O. Teile, Pastor Stewart, Rev Nixon, Rev J. Burton, Bishop Vesters, Rev M.A. Warren, Rev Smeeton (missions), E. O'Brien (New Guinea Planters Association), E.A. James (Pacific Territories Association), B. Hinks, J. Pollard (mining interests), G.E. Aumuller, T. Nevitt, Lt.-Col. J.C. Mullaly and A.J. Bretag (private interests).

¹⁸¹ 'Conference on Indentured Labour System', *Pacific Islands Monthly*, December 1944, Vol.15, No.5, p.8.

I am not insensible of the fact that in the territories human rights are conditioned largely by factors of geography, economics and degree of progress in the scale of civilisation of the natives, and that they are determined to some extent by the capacity of the natives to understand and assimilate introduced values and a full understanding by authority of what is in the best interests of the people. It appears then that the labour system which should be instituted is one best suited to the people and the country.¹⁸²

Underpinning Ward's conception of the form of labour "best suited" to the Territory, was an explicit notion of indigenous 'community': "the system under which natives may be employed must at the same time cause the least upset to [the] village economy, [and] permit ... native peasant production".¹⁸³

That the conference was inconclusive in terms of specifying a concrete alternative to the system of indentured labour reflected not only the already defined divisions of interest, but also the terms in which Halligan expanded on Ward's opening statement. Seeking an indication of the framework for debate, Hogbin opened the discussion with a rhetorical question to the Halligan, that the Minister's decision to abolish the practice of indenture meant that "any discussion of it will be irrelevant". In reply, Halligan countered that "it is a question of having some variation of the present system or a better system if it can be devised". Hence, "I do not think we can say that it would be entirely irrelevant because the object is to improve it and to produce something by the amendment of the present system or to introduce another system in its place".¹⁸⁴ When further pressed by Bishop Burton and Elkin as to whether "we can have a better form of indenture system or can there be more than one form of indenture system", Halligan asserted that:

the indenture system is only one system and it is possible that certain modifications may be made in it. Some members of the conference may advocate that, while others may think that there should be an entirely new system.¹⁸⁵

¹⁸² Native Labour Conference: NLA Ward Papers MS 2396/12/ 260-346, Canberra, p.3.

¹⁸³ *ibid.*

¹⁸⁴ *ibid.*, p.4.

¹⁸⁵ *ibid.*

Not entirely unexpected, this was how the conference unfolded. Accepting that the Government intended to abolish indenture system, the debate centred on the words “as soon as practicable”. As a former member of the New Guinea Legislative Council, Lieutenant-Colonel Mullaly put it: “I cannot recall one single instance of a practical resident of the Territory of New Guinea conversant with its sociological and economic problems advocating that these changes should be brought about other than by gradual and unhurried processes consistent with the well-known dislike of the native towards violent change of habits and custom”.¹⁸⁶ Against an earlier suggestion by Burton that “on the whole” indentured labour provided “very inadequate steps” towards an education in agricultural methods, Mullaly encapsulated commercial opinion responding, that “it requires a knowledge of the country to know what is inadequate; we must make haste slowly - that is the basis of our education”.¹⁸⁷ The same sentiments were expressed by the Pacific Territories Association representative E.A. James, who stated that:

The principles upon which the policy of former civil administration in these Territories was based in regard to the government and treatment of the native inhabitants should in no manner be changed, at least until some time after civil administration has resumed. It is believed that this is essential for the benefit of the natives so that they may quickly be divorced from the mode of life enforced by wartime control, and that any violent changes other than reversion to pre-war conditions would be inimical to their present interests and future development.¹⁸⁸

Such a claim was hardly likely to win much sympathy from Elkin and Hogbin. However, mission opposition to indentured labour was by no means united in its condemnation. Australian Board of Missions representative Reverend M.A. Warren, maintained that he would “vote against the abolition of the indentured labour system unless we have got something better to put in its place”. By “something better”, Reverend Warren somewhat ambiguously envisaged a system whereby “the native will obtain the same benefits as at present in a far better way and with better promise for his own future”.¹⁸⁹ Following a similar line, Pastor Stewart of the Australasian Union Conference of Seventh-

¹⁸⁶ *ibid.*, pp.50-51.

¹⁸⁷ *ibid.*, p.28.

¹⁸⁸ *ibid.*, p.12.

¹⁸⁹ *ibid.*, p.14.

Day Adventists, whilst concurring that the most undesirable feature of indentured labour was the “separation of husbands and their wives”, went on to propose a system whereby “homes [could] be established on plantations; or in the case of industries, that settlements be established where the family life will be intact and where educational, social and religious privileges can be given”.¹⁹⁰

In a long statement read on behalf of the National Missionary Council of Australia (Special Commission on Indentured Labour), Bishop Burton drew attention to the commitments entered into by Australia *vis-à-vis* the Covenant of the League of Nations, the Atlantic Charter and the Four Freedoms. He argued, “that in respect of the indentured system of native labour, though the impact of this system upon native life and welfare has not been the same in all areas, the Commission is unable to reconcile it with the principles and affirmations referred to above, inasmuch as it holds back the social, economic and moral progress of the people”. In terms of a time-frame for its elimination, Burton proposed that “no further indenture of native labourers should be permitted after a period of five years from the re-establishment of civil administration”. On the question of reconciling indigenous welfare with expanded commodity production, securing indigenous economic ‘independence’ meant breaking the link between migratory labour and household consumption, and it was through this negation that the primary objective for a state-sponsored scheme of agrarian development was proposed:

In order to ensure necessary productivity in the Territories, the Administration should institute a programme of practical education to prepare the way for a system of peasant proprietorship whereby the people may be taught and encouraged to use their own labour in the cultivation of their own lands, and to qualify in arts and crafts to their present needs and their future development. Only by such means can the native inhabitants move toward economic independence and to secure a satisfactory future.¹⁹¹

The Native Labour Conference was not re-convened, nor was the conference transcript released to the press. As Jinks notes, “this left the field to the mission-academic group favouring” labour reform.¹⁹² Indeed, the views articulated by this group were substantially

¹⁹⁰ *ibid.*, pp.6-7.

¹⁹¹ *ibid.*, p.16.

¹⁹² Jinks, 1975, p.274; see also Stanner, 1953, pp.131-132.

adopted by Ward, including the time-frame of five years proposed by Burton for the elimination of indentured labour.

If the Minister sought through indigenous labour reform to eliminate the perceived excesses of trading capital operating in the Territory, then the *Native Labour Ordinance 1945* appeared to have its desired impact. In a letter to Senior Government Trade Commissioner C.E. Critchley, the British New Guinea Development Company submitted that changes “regarding the employment of natives in Papua” had:

considerably increased the cost of production, and it remains to be seen how such costs will compare with those of other tropical countries producing similar products ... The Australian Government has hitherto encouraged us to continue the planting of rubber, which we have done, and this sudden reversal of policy is most disappointing. We had intended to plant a considerable further area this year, but this is now impossible.¹⁹³

4.6

The Determinants of Economic Change

On 15 October 1945, Ward authorised the announcement in Port Moresby that as of that date, all current indentured labour contracts would be terminated. Announced during the bi-weekly Motu radio programme, the broadcast covered the main points of the Minister’s July 1945 policy statement and, although transcripts are not available, reportedly represented him “as a deliverer from oppression”.¹⁹⁴ In reality, it meant the withdrawal from the labour market of 35,000 men previously under contract to the Army and hence, from any re-engagement in the plantation sector.¹⁹⁵

The effect in New Guinea, according to Mair, “was to confirm the prevailing belief that the policy of the Labor Government was directed solely to the ruin of private

¹⁹³ The British New Guinea Development Company to Critchley, 6 November 1946: AA A2910/1 430/1/193.

¹⁹⁴ Mair, 1948, p.211.

¹⁹⁵ Downs, 1980, p.38.

enterprise”.¹⁹⁶ More importantly however, Ward’s “clean sweep” on the labour question necessitated the elaboration of an agricultural development policy which was equivalent in both substance and reach, to the changes to the Native Labour Ordinance. On 9 March 1946, Cottrell-Dormer outlined to the Papua New Guinea Missions Conference a ‘Proposed Policy and Working Plan for the Department of Agriculture, Stock and Fisheries, in Respect to Native Agriculture’.¹⁹⁷ As a development plan, it was an exemplary example of trusteeship on ‘behalf of the peasant’. Prior to joining the Territory Administration, Cottrell-Dormer spent five years as the Director of Agriculture in Tonga; an ‘independent’ island state which represented for him a “native Utopia” and the “living realisation of many of the aims of Government today in respect of the native peoples of New Guinea”.¹⁹⁸ The first stage in realising this vision of a “stable social structure based on a family unit which is reasonably secure and free from want”, was to improve “the nutrition and the standard of living of the native peoples of the Territory by teaching and encouraging them to take full advantage of the potential marine, plant and animal wealth of their country”.¹⁹⁹ The ultimate unit, or form of production it followed, would be:

mixed farming on individual small-holdings capable of producing adequate subsistence for a man and his family and, in addition, sufficient cash crops to obtain the money necessary to him for the satisfying of his other wants and for the payment of taxes levied for maintenance of social service, education, health, technical advice and supervision, roads and communications, police etc., - which are a feature of any reasonably advanced community.²⁰⁰

“Community”, Cowen and Shenton note, “is the real abstraction of modern development theory, signalling the medium in which progress may be achieved”.²⁰¹ For Cottrell-Dormer, “the village”, or the medium of indigenous ‘community’, was synonymous with an administered scheme of household production. The desirability of securing the attachment

¹⁹⁶ Mair, 1948, p.210.

¹⁹⁷ Cottrell-Dormer, Proposed Policy and Working Plan for the Department of Agriculture, Stock and Fisheries, in Respect to Native Agriculture: ANU Stanner Papers on Papua New Guinea 1946-1966, Canberra.

¹⁹⁸ *ibid.*, p.1.

¹⁹⁹ *ibid.*

²⁰⁰ *ibid.*, p.4.

²⁰¹ Cowen and Shenton, 1996, p.475.

of indigenous households to the land and hence, their perceived 'independence' from capital, was made explicit on the grounds that:

our aim is the development of a self-governing and self-supporting community. Such a community will engage to some extent in secondary industry ... In a country such as New Guinea, however, the prosperity of a community will be based for at least a very long time on agriculture ... Hence, the principle basic unit of the community will be the rural household securely settled on its smallholding and producing food and other crops for its own and local consumption and for export.²⁰²

Emphasising the Department's role as trustee, or agent for realising what was held to be of value to the 'community', the aim of agricultural extension "was to guide the native peoples in their advance from their present primitive form of agriculture to farming systems which will make possible the development of the community envisaged".²⁰³ The working plan for achieving this desired 'community' of 'independent' peasants was divided into three stages: investigation, application and development. The first was to be devoted to the mechanics of smallholder agriculture: the study of soil types and climate, land use patterns, the determination of "satisfactory mixed-farming systems for smallholdings", the investigation of suitable crops and market preparation. Whilst the production of smallholder crops for export was deemed economically desirable, production of subsistence crops, as the means to intensify labour power and to insulate households from the anarchy of the market, was similarly emphasised: "the study of potential crops for export or industry must be accompanied by studies of food crops, animal husbandry, and farming systems since without an understanding of these ... we cannot offer adequate nutrition, security, and freedom for want to the family unit we wish to encourage".²⁰⁴

The second phase involved the application of knowledge gained in phase one to the field:

In the case of food crops we will distribute the best varieties we have amongst the people; teach them how to grow and how to use them; by education

²⁰² Cottrell-Dormer, Proposed Policy and Working Plan for the Department of Agriculture, Stock and Fisheries, in Respect to Native Agriculture: ANU Stanner Papers on Papua New Guinea 1946-1966, Canberra, p.4.

²⁰³ *ibid.*, p.6.

²⁰⁴ *ibid.*

convince them of the desirability of adopting them. In the case of domesticated animals and birds we will distribute our best breeds amongst the people; help them to improve animal husbandry methods which we have found to be suitable and satisfactory; teach them the full use of animals as a means of reducing labour and improving diet. Similarly we will gradually introduce to the people the mixed-farming systems which we will have evolved with a view to maintaining soil fertility, increasing productivity, and reducing shifting cultivation to a minimum.²⁰⁵

The third, or development phase, involved the introduction of export crops within the mixed-farming system. The transition from subsistence to the partial production of cash crops was to be achieved via the gradual commercialisation of rural life. Based not upon the immediate or direct commodification of labour power, but on the production and consumption of commodities, commercialisation was to proceed on the principle that “our own enterprise will have shown them that it is a crop worth planting and our trade stores will have shown them that the remuneration is worth working and waiting for”:

The people, then will be encouraged to plant their own groves individually on their own farms or on their own plots on co-operative estates. In time they will commence picking and we will process and sell for them their produce.²⁰⁶

Difficulties in the application of the plan would, of course arise, “but insurmountable ones, if any, will have been found out during the investigation phase and before any capital expenditure”.²⁰⁷ Essential was an adequate staff: “a small and inadequate staff will be faced with so many problems that its efforts will be dissipated and little permanent value achieved”.²⁰⁸ The estimated cost of Cottrell-Dormer’s plan was between £700,000 and £800,000, “rather more than the total expenditure by both Territories for all purposes before the war”.²⁰⁹

Ministerial approval for the agricultural plan was given in June 1946. This did not however, insulate it from early criticism. In the words of Stanner, “the absence of

²⁰⁵ *ibid.*, p.5.

²⁰⁶ *ibid.*, p.7.

²⁰⁷ *ibid.*

²⁰⁸ *ibid.*, p.8.

²⁰⁹ Stanner, 1953, p.166.

convincing details as to the practicability of sustaining so costly an organisation, and as to the method, phasing and cost of innovating ‘a nation of peasant producers’, was the main basis of criticism”.²¹⁰ Moreover, “the agricultural ‘plan’ in its first outlines suggested that a very strict limitation of European expansion may then have been intended”.²¹¹ Indeed, this was the view of Halligan who, according to Downs, feared that Ward intended to use such ideas as the basis for nationalising non-indigenous plantations.²¹²

Implicit to Murray’s long-term economic objectives, particularly in relation to indigenous commodity production, was a period of relative inaction. Policy, as stated in 1947, held that “basic rehabilitation of the native economy by the native people necessarily, rightly and naturally has taken precedence over the rehabilitation of European interest”.²¹³ The priority given to war compensation and ‘native stabilisation’, coupled with the realities of wartime devastation and problems of staff recruitment, meant that the conditions for realising a “nation of peasant producers” were not entirely favourable. As one policy statement explained:

It is believed that the native peoples can gradually be instructed and led into the development of export industries which will supply many of Australia’s tropical product requirements ... thereby developing a considerable amount of mutual trade between the Commonwealth and its dependency and making possible the improvement of the living standard of the people of that dependency. It is, however, realised that a number of years will elapse before marked results can be expected since the native peoples are at present in a relatively primitive stage of development. It is realised also that no such results can be expected without adequate staffing of the Department [of Agriculture].²¹⁴

Despite Halligan’s concerns, the expulsion of Australian settlers from Papua New Guinea was neither politically or economically viable in the immediate post-war period. As Conroy put it, “the mixed economy [as opposed to a solely indigenous one] generally won

²¹⁰ *ibid.*, p. 150.

²¹¹ *ibid.*, p. 152.

²¹² Downs, 1980, p.42.

²¹³ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

²¹⁴ cited in Stanner, 1953, p.145.

because we had plantations ... you could hardly ignore it".²¹⁵ Government plans for the provision of indigenous welfare and economic development implied not the exclusion of European capital, but rather its general refashioning in accordance with state plans for expanded household production. In September 1946, Ward described criticisms of the Chifley Government's so-called "preference to natives in New Guinea" as missing the point. On the question of Australian resettlement, the Minister stated that "we are not going to push them off the land". He added: "it all depends on the needs of the native economy and it is not a question of giving preference to natives".²¹⁶ In short, the unmediated externality of capital was to be regulated internally through the late-colonial state as part of the Administration's plans for expanding indigenous agriculture.

As noted, the responsibility for preparing plans for the post-war economic development of Papua New Guinea lay with the Department of External Territories and the Inter-Departmental Committee. The latter consisted of representatives from the Territory Administration, the Treasury and the Departments of Post-War Reconstruction and Commerce and Agriculture. In March 1947, Ward defined the role of the Committee as investigating:

1. The economic future of New Guinea;
2. The industries of the territories that should be assisted or encouraged;
3. The tariff policy that should be adopted for the territories;
4. The manner and extent to which non-native industry should be assisted or encouraged;
5. The tariff relations of the territories with Australia and with other countries;
6. The agricultural resources and possibilities of the territory and absorption by the Commonwealth of such products;
7. Communication within the territories and between the territories and Australia, with particular reference to shipping;
8. The price policy for the territory;
9. Taxation;
10. The rate at which development of the territory should be organised, showing yearly stages and probable annual expenditure necessary; and

²¹⁵ cited in Timms, 1996, p.89.

²¹⁶ 'Mr Ward on New Guinea Settlement' (Extract from the *Melbourne Herald*), 26 September 1946: PNGNA a.12 b.3875 f.1-1-6 Part.2.

11. Finances of the territory and the administration.²¹⁷

In commenting on Ward's proposal, Murray identified a "decision on the balance of structure of the New Guinea economy" as the primary objective of the Committee. In particular, "the role of native cash crop production, the social basis of that production, and the role of white enterprise will need to be determined, together with the relation, if any, of each of these to the other".²¹⁸

The policy direction regarding the structure and balance of the Papua New Guinea economy sought by Murray, was ultimately settled at the level of national necessity. In 1950, the economic imperatives of the post-war dollar shortage and the "all Australian problem of [the] expansion of agricultural production",²¹⁹ saw the terms of reference established by Ward for the Inter-Departmental Committee compressed into two overriding aims:

1. To further the natives political, social, health, education and economic development to the maximum extent considered possible in a period to be stated for working purposes as 20 years.
2. To produce that part of the tropical ingredient of Australia's food and raw material requirements that can not be produced in Australia; to develop suitable secondary industries, complementary to the mainland economy and to continue the search for those minerals required by Australia that possibly exist in the Territory.²²⁰

Writing on British imperial policy after the Second World War, Cowen and Westcott suggest that the economic imperatives arising from the experience of total war acted to "reduce ... colonial autonomy and centralised economic policy around the entity of a British national economy".²²¹ As indicated above, the same directives were explicit in the post-war restructuring of Papua New Guinea's economic relationship with Australia. The

²¹⁷ Co-ordination of Plans for Development of Territories, 27 March 1947: PNGNA a.12 b.3875 f.1-1-3 Part.1.

²¹⁸ Murray, Notes for the Inter-Departmental Committee, 27 April 1947: PNGNA a.12 b.3875 f.1-1-3 Part.1.

²¹⁹ Lambert to Murray, 26 February 1952: AA A518/1 B927/2.

²²⁰ Financial Implications of the Government's Objectives in Papua and New Guinea During the Period 1951 to 1970: PNGNA a.12 b.3875 f.1-1-3 Part.1.

²²¹ Cowen and Westcott, 1986, p.20.

drive to expand Territory agriculture centred on the metropolitan economy and came from three directions: “first, the failure of food production to keep pace with [the] increasing population [in Australia]; secondly, the problem (closely related to the first), arising because her [Australia’s] current exports are insufficient in value to pay for all her essential imports; and finally, the problem (shared with the rest of the Sterling Area), of earning enough dollars to pay for goods Australia requires to buy from [the] U.S.A and other ‘dollar’ countries”.²²² As a means to mitigate the economic imperatives arising from the post-war dollar shortage, the Government’s desire to expand agricultural production cannot be understated. Indeed, so “vital” was the “production of essential agricultural products” to post-war economic planning, that “these activities [were classified] in importance with defence and coal production”.²²³ In relation to expanded rural production in Papua New Guinea, the aim, as noted, was to produce “specific commodities as direct dollar earners”, or commodities “for export to Australia” and the United Kingdom - i.e. dollar savers.²²⁴

On the structure of the Papua New Guinea economy and the place of expatriate capital within it, Timms maintains, that “during the post-war period there was increasing tension between the goals of expanding production, through the participation of indigenous peoples in the process of economic development, and the prevailing attitudes which underpinned the notion of modernisation”.²²⁵ To expand: the language and ideology of colonial trusteeship, irrespective of its expression in humanitarian or developmental terms, was intimately connected with notions of European intellectual and technological superiority. In policy statements and reports to the Trusteeship Council, the continued recourse to the so-called ‘backwardness’ of the indigenous population was not merely an attempt to justify Australia’s imperial presence in the Pacific, but it also reflected the premise that European skills, knowledge and capital were essential in securing the post-war project of accumulation.²²⁶ As Murray explained on ABC National Radio, 7 June 1949:

²²² Draft Statement by the Minister on Agricultural Expansion in New Guinea, 4 March 1952: AA A518/1 B927/2.

²²³ *ibid.*

²²⁴ *The Economic Relationship Between the Territory and Australia, 1950*: AA A518/1 B927/1.

²²⁵ Timms, 1996, p.73.

²²⁶ *ibid.*, pp.72-73.

it is perfectly clear that the New Order cannot be made effective without the assistance of people well acquainted with the knowledge and skill of the Western world. But they will require to be clearly informed as to the humanitarian and economic objectives of the Australian Government ... It will be a poor day for the native people ... and for us, if, when we have brought them along to the stage at which they can take a considerable share in the government of their own country, they find that its broad acres and its industries are almost entirely owned by non-native people.²²⁷

For Murray, “the permanent interests of the native people” were to be “paramount in agricultural policy” and as a result, “the extent and types of European enterprise encouraged will be determined by that consideration”.²²⁸ In this sense, and within these limitations, expatriate land settlement became tied to state plans for the expansion of indigenous agricultural production. Within this redefined relationship, the role of the expatriate farmer was posited as twofold:

[Firstly] without European enterprise, the development of the resources of the Territory would probably never be commenced and they would certainly not proceed so rapidly as they will do with European settlement. Secondly, the presence of the European settler is the chief stimulus that can be given to the economic advancement of the native peoples themselves and their fuller participation in the development of their own country²²⁹;

or, as Major J.L. Taylor put it as early as 1944:

it is my opinion that the pre-war system of agriculture cannot continue in this country except in part - there will always be some European plantations. It is well that this should be so; to show the pattern of European life to the native and give him something to live up to. From them, too, he may learn European agricultural practice and the technique of farm management.²³⁰

Expatriate producers were to be used to extend the land frontier and as models for development. Indeed, for Hasluck, “the advancement of native agriculture ... [had] to go

²²⁷ cited in Downs, 1980, p.42.

²²⁸ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

²²⁹ Hasluck, Australian Policy in Papua and New Guinea, 1956: PNGNA a.12 b.16.664 f.9-1-12 Part.2.

²³⁰ Taylor, A Paper on Native Welfare, 1944: PNGNA ANG 1/1.

side by side with and keep pace with measures for European settlement". He added: "when, for any reason, the advancement of native agriculture is lagging then the acquisition of lands should be slowed down".²³¹ In contrast to the pre-war era in which considerable concentration and centralisation in largeholder ownership had taken place, the particular kind of post-war settler to be encouraged was the "individual owner-manager type" established on an "economic living area".²³² As one external report put it, the 'pilot farm' or medium sized agricultural holding operated by "individual profit seekers" and their families was the most appropriate form of expatriate production in the light of government policy that non-indigenous expansion was to be "determined by the welfare of the natives generally". In linking the expansion of expatriate interests to expanded indigenous production, the report's authors' concluded that with regard to the former:

the deployment of ... capital directly by European agricultural settlers must be on the scale commensurate with the available land and labour; and in our view of the evidence it seems that this is a good deal more limited in fact than the rosy dreams of those who would have a white Melanesia before they have a fully settled white Australia. Such a realistic appraisal of the possibilities need not spell defeatism. As the Minister has said, development depends on the quality as well as the numbers of settlers; and in the view of the writers of this report quality is much more important than numbers.²³³

In a letter to new Administrator Donald Cleland dated October 1954, Lambert stated that in relation to land settlement "non-native settlers were [to be] carefully selected and they were [to be] encouraged by both District Services and Agricultural Department Officers to take an interest in advancing native agricultural education".²³⁴ To this effect, the policy of the Administration was to "disperse European settlement among the native people rather than congregate it in exclusive small colonies of whites".²³⁵

²³¹ Hasluck, Lands Policy in Papua and New Guinea, Statement by the Minister for Territories, 21 October 1954: PNGNA a.82 b.138 f.31-1-5.

²³² Minutes of the 54th Meeting of the Land Development Board, 6 November 1964: PNGNA a.82 b.136 f.31-1-4 Part.2.

²³³ Spate, Belshaw and Swan, 1953, p.22; see also Timms, 1996, pp.80-81.

²³⁴ Lambert to Cleland, October 1954: AA A518 A815/1/5 Part.2.

²³⁵ Hasluck, Australian Policy in Papua and New Guinea, 1956: PNGNA a.12 b.16.664 f.9-1-12 Part.2.

The exception to this guiding policy of 'dual' development, was the purchase of land for European coffee holdings in the New Guinea Highlands. Between 1950 and 1954 land alienated for European settlement in the Goroka Sub-District of the Eastern Highlands increased from 350 acres to 3,550 acres. Yet, it is wrong to view this comparatively intensive period of land alienation as anything other than an exception.²³⁶ Expatriate settlement of the Highlands was checked after 1954 through the creation of the Land Development Board. As noted, government policy sought to tie expatriate settlement to the Administration's plans for indigenous agriculture. To the extent that the comparatively rapid settlement of Highlands threatened a loss of administrative "control over the carrying out of established policy in regard to land",²³⁷ the creation of the Land Development Board represented a conscious strategy for reasserting central government control over not only the land settlement process, but also the intent informing it (see Chapters Five and Six). As Hasluck explained: "in any land settlement the overriding consideration had to be the established policy of native welfare and no land acquisition could be made purely in the interests of development".²³⁸ Insofar as the "interests of development" referred to an unintentional, or immanent process, operating outside the regulatory capacity of the colonial Administration, the Land Development Board, instructed to make "decisions in conjunction with its responsibilities for co-ordinating opportunities for indigenous agriculture",²³⁹ gave concrete expression to the prominence given to management within the refashioned domain of state practice.

The immediate period of post-war reconstruction in Papua New Guinea did not "lead to a general return of the pre-war economy" in which "expatriate domination of the economy was an inevitable result".²⁴⁰ Rather, the changing conditions of post-war global capitalism were such that the Territory's economy, and the prospects for both indigenous and

²³⁶ Ward and Ballard (1976, p.440) have suggested incorrectly that the purchase of land for European coffee holdings between 1951 and 1954, represented a translation into practice of the belief that it was "necessary to have white, Australian, settlers to develop the countries resources at a time when the Mau Mau movement in Kenya ... showed clearly that such policies had little place in the Third World". However, conflating developmental intent with the process of development, the authors' fail to mention the steps taken by the late-colonial state to reaffirm its control of land policy.

²³⁷ Hasluck to Lambert, 11 March 1954: AA M1776/1 Vol.5.

²³⁸ Hasluck, Land Settlement, 1 February 1954: AA M1776/1 Vol.5.

²³⁹ Timms, 1996, pp.113-114.

²⁴⁰ Downs, 1980, p.42.

expatriate production within it, were transformed. Exemplifying this transformation, in particular the fetter imposed on expatriate accumulation, was a comment by Downs who, in a letter to Hasluck, criticised the newly created Land Development Board for “not permit[ting]” private enterprise “to risk capital as it thinks fit”.²⁴¹

4.7

Murray and Trusteeship

After 1945, the increase in Commonwealth grants to Papua New Guinea was substantial. Table 4.1 lists the grants (£.Aus) made by the Australian Commonwealth to the Territory Administration and its percentage in relation to total revenue received for the first decade following the end of hostilities. Table 4.2 lists the total expenditure (£.Aus) for the four Territory Departments principally concerned with indigenous welfare and development for the period 1946-1949. Importantly, the figures for the Department of District Services and Native Affairs include payments for war damage compensation, £227,644, £324,118 and £213,940 respectively.

Table 4.1: Papua and New Guinea - Total Commonwealth Grant, 1946-1956 (£).

<i>Calendar Year</i>	<i>Commonwealth Grant</i>	<i>% of Total Territory Revenue</i>
1946	252,500	78
1947	2,018,500	81
1948	1,867,000	67
1949	3,181,500	72
1950	4,184,500	75
1951	4,354,500	70
1952	5,284,500	69
1953	4,657,000	66
1954	5,422,000	65
1955	7,125,500	69
1956	8,432,000	69

²⁴¹ HFSA to Hasluck, 19 May 1958: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU), No.609, Canberra.

Source: Downs, 1980, Table 3.1, p.66.

Table 4.2: Papua New Guinea - Total Expenditure (Financial Year) for the Departments Concerned with Indigenous Development and Welfare, 1947/48 to 1949/50 (£).

	1947-48	1948-49	1949-50
<i>District Admin</i>	313,559	410,930	352,122
<i>Dept Agriculture</i>	47,781	100,150	138,306
<i>Dept Health</i>	238,645	454,354	522,638
<i>Dept Education</i>	12,697	23,802	224,848
<i>Total</i>	612,682	989,236	1,237,914

Source: Downs, 1980, Table 3.1, p.66.

Although no statistics are available on the proportion of departmental expenditure directed exclusively at *rural* indigenous development, it was the explicit intention of government policy that funds be concentrated in this area. As Murray explained to the 1948 Conference for District Officers: “this is the first time ... that talk of a new deal for native people has been backed by money”. Hence, “I feel sure that you [District Officers] have never at any stage of the development of the territories had such an opportunity to do the work you desire in native administration”.²⁴² As to the ‘rural bias’ of departmental spending, government policy was similarly explicit. As Hasluck put it in a minute dated 22 February 1960: “in general, it is better at this stage to maintain the *old-established policy* of preserving, as far as possible, and for as long as possible, the association of the people with their own villages, for social change will come better in the village, the path of their advancement will be much clearer, and any evils, such as hunger, can be dealt with more effectively there”.²⁴³ The aim was to pre-empt in Papua New Guinea a future read-off from a narrow conception of the division of labour under capitalism²⁴⁴: “although I [Hasluck] foresaw that one of the accompaniments of change would be the growth of an urban

²⁴² Murray, Opening Address. *Proceedings of the Conference of District Officers Held at Port Moresby 18 to 28 February 1948*. New Guinea Collection: University of Papua New Guinea (hereafter, UPNG), Port Moresby.

²⁴³ Hasluck to Lambert, 22 February 1960: AA M177/6 Vol.17 (my italics).

²⁴⁴ see Community Development in Hanuabada, 1950: PNGNA a.243 sn.339 b.187 f.8-5-1.

proletariat, I had also expressed the view we should not promote or expedite the transfer of people from the village to the town".²⁴⁵

The refashioning of colonial-state practice was most apparent to the expatriate community which, in the immediate post-war period, struggled to come to terms with their reduced status and the restrictions placed on European accumulation by the Administration. One government critic, in contrasting Australia's post-war financial commitment - "about 3 million pounds per annum" - with the "self-supporting" character of pre-war Papua and New Guinea, commented that "it is impossible to discern that either the European population of Papua-New Guinea or Australia is getting any more benefit from the occupation of Papua and New Guinea now than in 1939".²⁴⁶ Of course, the provision for increased Commonwealth expenditure was not principally for European consumption. By default, the critic's comments were indicative of the primacy accorded to the agrarian doctrine in administering indigenous agricultural expansion. As T.A. Pyman (Department of External Affairs) noted in his response: "apparently the fact that 1.5 million Melanesians are receiving improved and more diversified education, health and agricultural services is of little importance". With reference to British colonial policy, Pyman went on to comment that the tendency to "attribute to Mr. Ward responsibility for a 'native welfare' policy", belied the fact "that such a policy is a basic and inevitable objective for any colonial power".²⁴⁷

As nephew of Sir Hubert Murray and the last Administrator of Papua with some twenty-four years experience in colonial administration, Leonard Murray appeared to outside observers as an obvious choice for the first Administrator of the combined Territories.²⁴⁸ On the other hand, the ultimately successful applicant, Colonel J.K. Murray (no relation to Sir Hubert or Leonard Murray), was one of the last to apply for the position and was initially classified by Halligan as having "inadequate qualifications and experience" - an opinion which in 1945 was not unreasonable.²⁴⁹ The Cabinet Sub-

²⁴⁵ Hasluck, 1976, p.335.

²⁴⁶ cited in Pyman, Note on Memorandum Entitled "Conditions in Papua and New Guinea", undated: AA A1838/283 301/1.

²⁴⁷ *ibid.*

²⁴⁸ Hoyle, 1994, p.143.

²⁴⁹ Downs, 1980, p.16.

Committee set up to consider the short-list of sixteen names (Colonel J.K. Murray was not one of them) consisted of Ward, Evatt and Minister for the Army, F.M. Forde. Being an appointee of the previous Menzies Government, a conditional supporter of indentured labour and a personality intimately connected with the pre-war administration, meant that the appointment of Leonard Murray was not likely to be favoured by either Ward or Evatt.²⁵⁰ Moreover, Conlon, on being shown the short-list of applicants, protested that all were philosophically unsuited to the position and induced the Minister to consider Colonel J.K. Murray. Murray was appointed Provisional Administrator and sworn in on 11 October 1945.

Whilst the influence of Conlon and the Directorate in securing Murray's appointment cannot be understated, nor should the bias of Evatt and Ward. As Downs explains:

[Murray] ... did not need to be briefed on Labor's policy intentions. A new start had to be made and the Government wished to discourage the disparate views of those with lingering allegiance to either the former Mandated Territory or to the Territory of Papua. Above all, Ward was determined to give substance to government intentions by confronting commercial interests with his new labour legislation without compromise or delay.²⁵¹

Whilst Murray might have lacked "qualifications or experience", his appointment was nonetheless based on merit, in that his ideals matched the requirements of the Government at the time. For example, commenting on Murray's appointments, Mair noted that "at the moment of the introduction to New Guinea of a policy that would, if fully implemented, have marked a turning point in the history of the territories, no better choice could have been made". She continued: "during his time at the Civil Affairs School, Colonel Murray had himself studied the problems of native administration and had become convinced of the need for a more liberal native policy such as Mr. Ward's speech foreshadowed".²⁵² Moreover, Wedgwood's observation that Murray was "quite incorruptible and will tell big business just where its gets off"²⁵³ would have appealed to the 'radical' sentiments of the Minister.

²⁵⁰ see Hoyle, 1994, p.143.

²⁵¹ Downs, 1980, p.16.

²⁵² Mair, 1948, p.209.

²⁵³ cited in Wetherell and Carr-Gregg, 1990, p.189.

No particular initiatives can be directly attributed to Murray. The extension of local government councils, the rapid expansion in the provision of health and later, education and indigenous commodity production, were either driven by Senior Officers of the Administration, with the support of Murray, or having laid the foundations, took place after his retirement from the Territory public service. The Director of Health, Dr. John Gunther and Senior Officer for the Department of District Services and Native Affairs, D.M. Fenbury, for example, were themselves respectively responsible for the promotion and extension of health and local government services. This is not, however, to devalue Murray's role in the formation of Australian post-war colonial policy. As Jinks puts it, "he transmitted the policy which he had helped shape to the officials and the people of Papua New Guinea".²⁵⁴ Whilst, Murray's contribution to concrete practice will be discussed in the context of particular social and agricultural policy initiatives, what follows is primarily concerned with the framework through which he "transmitted", or redefined, the role of the colonial state in securing the requisite conditions for the agrarian doctrine in Papua New Guinea.

If responsibility for giving concrete meaning to Evatt's statements on trusteeship fell on Ward, then the Minister's disinterest acted to shift this responsibility to Murray. The Administrator's 'Macrossan Lectures', his 'Memorandum on the Policy of the Administration' and his 'Notes for the Inter-Departmental Committee' all attempted to link development planning with specific statements undertaken in regard to post-war trusteeship. For example, Murray's 'Memorandum on the Policy of the Administration' declared that in "determining and carrying out of its policy, the Administration has been primarily guided by the letter and the spirit of the obligations which Australia has accepted in accordance with the United Nations Charter"²⁵⁵; whilst his 'Notes for the Inter-Departmental Committee', recommended that economic policy and planning must be elaborated in light of "the trusteeship and cognate obligations set out in the United Nations Charter, the Australian-New Zealand Agreement, the South Pacific Commission

²⁵⁴ Jinks, 1975, p.704.

²⁵⁵ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

Agreement, relevant statements by the Minister for External Affairs in the House of Representatives and elsewhere and the Trusteeship Agreement".²⁵⁶

Reactionary claims that the Ward-Murray Administration sought "to lock up all Australian New Guinea as a 'native reserve', to make it an anthropological museum",²⁵⁷ were, of course, contrary to the actual practice of development in the Territory. The Lugardian doctrine of non-development, rejected by British colonial officialdom in the late 1930s, was similarly rejected by the Territory Administration (see Chapter Eight). Echoing British concerns over the deterioration in the conditions of production, Murray spoke of learning from the experience of other tropical dependencies "in which extensive cash-crop production has been associated with primitive agricultural methods". He added: "low-efficiency peasant production", as practised in West Africa, had led to "a serious drop in nutritional standards through the neglect of subsistence crops, and a frightening dissipation of precious resources, without anything like a satisfactory gain to the native producer".²⁵⁸ On this point, Murray was supported by the senior staff of the Administration, including Fenbury and Conroy.²⁵⁹ As to the realities of capitalist development in Papua New Guinea, whilst accepting that "under peace-time conditions, poverty of the degree and extent existing in some parts of the world was absent",²⁶⁰ Murray's 'Memorandum on the Policy of the Administration', pointed out that "the very presence of existing institutions in the country has doomed much of the old order to attenuation and extinction". Whilst, expressing regret on "the passing of much that is admirable and gracious" in indigenous social forms, "economic advance", or capitalist development, meant that "the way of life of the native people will inevitably be transformed". Development then, was invoked as a positive means to arrest the potential breakdown of indigenous 'community'. Given the existence of capitalist social forms in the Territory, "the choice", Murray continued, "now

²⁵⁶ Murray, Notes for the Inter-Departmental Committee, 27 April 1947: PNGNA a.12 b.3875 f.1-1-3 Part.1.

²⁵⁷ Osmar White, 'Policy of Realism for New Guinea', *Sydney Morning Herald*, 15 July 1952, AA A1838/283 301/1.

²⁵⁸ Murray, 1949, pp.56.

²⁵⁹ see Fenbury, 1947, pp.5-6; and Conroy, 1958, pp.39-40.

²⁶⁰ Murray, 1969, p.30.

lies ... between inaction or development - that development must be directed upon lines calculated to produce the greatest human happiness".²⁶¹

Insofar as the agrarian doctrine is conditioned "upon a reversal in the order of the positive and negative dimensions of development as a process",²⁶² the role and form of colonial trusteeship was explicit: according to Murray, "there must be a rate of change ... beyond which a backward people may not be pushed without great risk" and to this extent, "the points at which the risks arise can only be determined by a discerning and watchful Administration, able at every point to distinguish between what is still vital in native tradition and what has become obsolete".²⁶³ Asserting that "in native agriculture, native society and communal life are not disrupted",²⁶⁴ the intent was to recast the 'new' - expanded commodity production - within the conditions abstracted as "vital" to "native tradition" - labour's attachment to the land.

The first task of the Provisional Administration in relation to indigenous development, was to renew the agrarian conditions of reproduction. Ward's abrupt cancellation of labour contracts reflected the assumption, according to Murray, that "rehabilitation of the native economy by the native people necessarily, rightly and naturally has taken precedence over the rehabilitation of European interests".²⁶⁵ Colonial state intervention in the conditions of agrarian reproduction initially targeted village food production. Put simply, the aim was to intensify household productivity. Implicit was the assumption, exemplified by Gunther in an untitled, undated paper, that the indigenous farmer was "only 80 per cent well":

I have said before and repeat that the Niugini [New Guinea] man is an 80% man; I do not think it can be denied whatever his apparent nutritional status is at the time of examination that he consumes about 80% of his needs; it would appear that he has sufficient energy to supplant only 80% of his needs and he consumes energy and hence his productivity is low ... *Therefore a*

²⁶¹ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

²⁶² Cowen and Shenton, 1996, p.ix.

²⁶³ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

²⁶⁴ *ibid.*

²⁶⁵ *ibid.*

*prerequisite to the allocation of resources must take into account the needs to improve the productivity of labour.*²⁶⁶

In 1947 a survey investigating the social and nutritional content of indigenous food production was undertaken at the request of the Directors of Health and Agriculture and the Department of External Territories. The *Report of the New Guinea Nutrition Survey 1947* recommended that “the health and nutritional status of native children can be improved by incorporating more protein-rich foods in their diets”; that increased consumption of animal products was desirable throughout New Guinea; and that agricultural development was to be coupled with an expansion in the provision of practical education in agriculture and nutrition. The report proposed wider cultivation of crops such as peanuts and rice which could be more easily stored and transported than traditional tuber crops; it advocated restrictions to European enterprise until a broad survey was undertaken “to ensure that native food production will not be jeopardised by diverting labour”; and most importantly, it suggested that it was inadequate to simply graft new varieties of crops on to existing patterns of agriculture, and that “the efficiency of existing methods of agriculture deserves attention and any change must be made with extreme care and must be gradual”.²⁶⁷

According to Murray, increasing indigenous economic productivity could be “achieved by the stimulation of an improved subsistence agriculture linked with native production of revenue crops”.²⁶⁸ This view was shared by Cottrell-Dormer, who was particularly sympathetic to plans for raising the efficiency of subsistence production.²⁶⁹ Following the Nutrition Survey, DASF extension staff and the Department of District Services and Native Affairs placed special emphasis on the improvement of indigenous food supply. As Bob McKillop explains: “improved pig and poultry strains were introduced to village people with the aim of making more protein available and major rice growing projects were attempted in the Mekeo, Madang, Sepik and Bougainville areas”.²⁷⁰ Patrol Reports

²⁶⁶ Gunther, unsigned, undated, untitled notes: ANU Noel Butlin Archives (hereafter, ANU Archives) Q.22 B.21 F.2, Canberra (my italics).

²⁶⁷ see *Report of the New Guinea Nutrition Survey Expedition*, 1947, pp.17, 88-91.

²⁶⁸ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

²⁶⁹ Griffen, Nelson and Firth, 1979, p.108.

²⁷⁰ McKillop, 1976, p.20; see also MacWilliam, 1992, pp.138-140.

for the Eastern Highlands (Goroka Sub-District) during the period 1944-1953 show a preoccupation with monitoring the introduction of European vegetables (European potatoes, lettuce, cabbages and tomatoes), peanuts and leguminous crops. The latter being introduced, on the basis that they “will extend the time that land can be safely kept under cultivation as well as increasing the range of food stuffs”.²⁷¹ In September 1950, the drive to regenerate village (re)production was strengthened with an amendment to the *Native Regulation Ordinance 1939* (Papua) in which District Officers were afforded the power to “order the native residents in the area to plant food plants and crops and may fix the number of plants and crops or the area of land as the case may be that each able-bodied male native shall plant and cultivate”.²⁷²

In the case of traditional, or fallowing methods of subsistence production, extension efforts, under the guise of maintaining soil fertility, sought to demonstrate to households “that by practising a rotation of each clearing, instead of growing one crop before permitting the land to revert to bush or grass fallow, they can considerably reduce the labour involved in food production”. The assumption was that the “present basic system of bush grass fallowing is inefficient in that it requires a major clearing effort each time a crop is planted”.²⁷³ In short, by reforming the family labour process and the techniques employed, there was no reason why household producers, as MacWilliam notes, “would stop at one rotation or clearance”.²⁷⁴

In the case of animal husbandry, pig production became the focus of early extension efforts, particularly in the Highlands where they remained a traditional source of value and of accumulated labour time. In the Eastern Highlands, the Administration established four centres in which households could bring their sows to be mated with pure-bred boars and mobile stores were constructed to enable the transport of boars to the villages for the purpose of up-grading stock.²⁷⁵ Efforts directed at reforming the production of pigs sought

²⁷¹ *Report to the General Assembly ... New Guinea, 1955-56*, p.47.

²⁷² Amendment of the Native Regulations, 1939 of the Territory of Papua as Amended to Date, 25 September 1950: PNGNA a.64 b.1316 fn.1-6-100 Part.1.

²⁷³ *Report to the General Assembly ... New Guinea, 1963-64*, p.63.

²⁷⁴ MacWilliam, 1992, p.138.

²⁷⁵ J.R. Egerton, Cadet Veterinary Officer, Report attached to, Healy, Lower Asaro Patrol Report (Eastern Highlands, Goroka Sub-District), No.12 1954/55: PNGNA.

to lower the labour time employed, thereby increasing the labour time available for commodity or subsistence production, whilst also reducing the amount of land required for grazing pigs. To use the words of MacWilliam, “reform meant attention to the breeding stock as well as to feeding and rearing methods, and control of diseases which periodically decimated herds”.²⁷⁶ The intervention by the Administration in the production of pigs represents an exemplary example of state directed efforts to intensify the household labour process through what appeared as the preservation of existing social forms.

In 1946 Murray issued a statement declaring that there was to be more than “lip service” to the idea “that the interests of the natives are paramount in any administrative scheme, and in any proposed economy for the area”.²⁷⁷ The programme for regenerating the agrarian conditions of (re)production by increasing the efficiency of subsistence farming was framed in the context of intensifying labour, thereby allowing for “the ‘hidden’ labour force” to be utilised in “development schemes ... such as peasant production, co-operative production, share farming, etc.”.²⁷⁸ The primary model of indigenous export production in the immediate post-war period took the form of co-operative societies.²⁷⁹ The co-operative movement in Papua New Guinea is discussed in detail in Chapter Seven, here the aim is to briefly consider the movement’s appeal in the context of ‘positive’ trusteeship, as envisaged by Murray.

The co-operative movement in Papua New Guinea was officially recognised by the Administration in May 1947, with the creation of a Co-operative Section within the Department of District Services and Native Affairs. As Catherine Snowden notes, there was a significant ambiguity in this placement, in that, “the new unit claimed that its role was to foster and encourage indigenous economic expansion yet it was firmly placed within a department whose main function was containment: the maintenance of law and order”.²⁸⁰ The first Registrar of Co-operatives was Claude John Millar - a former Patrol Officer under the ANGAU, who in 1945-1946:

²⁷⁶ MacWilliam, 1992, p.139.

²⁷⁷ Murray, 1946, p.2.

²⁷⁸ Murray, Programme for Development, 17 January 1951: PNGNA a.247 b.203 fca. 1-8-1-10.

²⁷⁹ see Snowden, 1981 and 1989.

²⁸⁰ Snowden, 1989, p.358.

visited the British colonies of Nigeria and the Cameroon's to study 'Comparative Colonial Administration' ... and was later seconded to the Colonial Office in London where he worked in the Economic Development Branch. He kept up an interest in current developments in co-operatives in Africa, Asia and the Pacific and referred always to models of procedures and patterns of organisation in terms of the British experience, particularly in Africa.²⁸¹

However, despite this link, Fitzpatrick has argued that in Papua New Guinea "the co-operative was borrowed in form only; there was no transfer of ideology". He explains:

unlike the British colonists, nobody in Papua New Guinea perceived co-operatives as an appropriate recognition of indigenous ways ... The so called co-operative movement in Papua New Guinea was a colonial creation.²⁸²

Clearly this is a somewhat unambivalent statement, given the Western European origins of the co-operative movement and its external imposition on dependent social formations in the Pacific and Africa. To elaborate, the co-operative model exported from Britain to the African colonies, reflecting the general contours of colonial development practice after 1945, was deeply informed by Fabian precepts and ideas. As Peter Gurney's recent history of the co-operative movement in Britain argues, the Fabians, whilst being critical of what they saw as a tendency towards syndicalism within working class co-operative institutions, "urged the movement to ... rediscover its spirit or idealism and believed that what was needed was the advice and guidance of outside experts". The idea of trusteeship was thus explicit: "left to their own devices working people would pursue narrow material interests".²⁸³ In the Fabian Society's influential report on *Co-operation in the Colonies*, co-operation was posited not as an "appropriate recognition of indigenous ways", but rather as an instrument of state trusteeship:

the colonial agriculturist is, for the most part, poor illiterate and unaccustomed to the Western ideas of science and commerce which are penetrating his home. Government help is required to assist him in the difficult transition from the old to the new economy. The Co-operative

²⁸¹ Snowdon, 1981, p.187.

²⁸² Fitzpatrick, 1976, p.79; see also Snowdon, 1981, p.189.

²⁸³ Gurney, 1996, p.2.

Movement can be a vital instrument in this transition period, not only for improving standards of living and education, but for effecting the advance through the peoples own efforts.²⁸⁴

In responding to a request from Lambert for information regarding indigenous co-operative ventures, it was precisely this need for guidance, or trusteeship, which Murray highlighted. Quoting the Director of District Services and Native Affairs, he justified the Section's placement in a department whose "prime functions are law, order and government" on the grounds that "the tempo and type of development can be [more] carefully regulated".²⁸⁵ As Jones expanded, "the Officers ... must be adequately qualified to guide the native people through the difficult and dangerous period of change-over from a state of subsistence economy to that which the Administration, as the trustee power, desires the native people to achieve, and so participate to the full extent in the Territory's potential". He added:

The effect of the two Ordinances [dealing with co-operatives] will be to legalise the native co-operative movement and to give the necessary authority to the Registrar of Co-operative Societies to encourage and co-ordinate all native economic developmental effort throughout the Territory, under the direction of the Director of District Services and Native Affairs.²⁸⁶

Initial expressions of co-operative organisation were impromptu and outside the state apparatus. "The Administration's task", to use the words of Legge, "was to encourage and direct its development in response to aspirations which were making themselves felt independently of official efforts".²⁸⁷ The payment of compensation for war damage and the repatriation of wartime indentured labour whose "contact with Australian and American troops in the Pacific War has placed them a generation ahead of the vast majority of the native population",²⁸⁸ had engendered "potential forces of resistance" which 'needed' to be directed into appropriate forms of economic activity. For Murray, a centrally regulated co-operative movement provided "a satisfying outlet for native leaders in the economic, rather than the political field - for which they are yet relatively uninformed and unfitted".²⁸⁹

²⁸⁴ Fabian Colonial Bureau, 1945, p.14.

²⁸⁵ Murray, Native Co-operative Ventures, 12 December 1951: PNGNA a.247 b.320 f.35-8-21.

²⁸⁶ Jones, Functions and Policy ... Co-operative Section, undated: PNGNA a.247 b.320 f.35-8-21.

²⁸⁷ Legge, 1956, p.218.

²⁸⁸ Jones, Functions and Policy ... Co-operative Section, undated: PNGNA a.247 b.320 f.35-8-21.

²⁸⁹ Murray, Native Co-operative Ventures, 12 December 1951: PNGNA a.247 b.320 f.35-8-21.

The ubiquitous village trade store, as a central medium for inserting commodities into household consumption and for combating the perceived ‘cultist’ practice of ‘hoarding’, is discussed in Chapter Seven. At this stage, it is important to note that in terms of the “discerning and watchful Administration able at every point to distinguish what is still vital in the native tradition and what has become obsolete”, the Co-operative Section was seen as exemplifying this condition of colonial trusteeship. As Cottrell-Dormer highlighted in an address to the 1949 Conference of District Officers:

the general aim of each society is to improve village life and the health and general well-being of the community. This can only be achieved through more economic utilisation of available natural resources and through the adoption of such modern methods and the production of such varieties of crops or livestock as are best suited to the locality of the people.²⁹⁰

In a letter to the *Sydney Morning Herald* (4 December 1946), the Director of ASOPA John Kerr, called for an economic policy for Papua New Guinea which “must be in the interests and for the benefit of the native peoples so that when they reach political maturity they will not find that the country and its resources have been developed in some other interest and that economic control lies in some other hands”.²⁹¹ In his ‘Macrossan Lectures’ on economic development, Murray cited this statement as justifying the policy of the Administration which was “to provide the framework of physical development and administrative services which will enable the native to become an independent producer for export”.²⁹²

In overseeing this shift in development practice the most important question which confronted the Australian Labor government was identical to the one which confronted their British counterparts. That is, whether the state could negate the autonomy of trading capital and bear the burden of becoming a fully-fledged developmental state capable of administrating the conditions of smallholder expansion.²⁹³ In part, the answer to this

²⁹⁰ Cottrell-Dormer, *Native Rural Progress Society - An Experiment in Social and Economic Development*, 17 September 1949: PNGNA a.247 b.320 f.35-8-1.

²⁹¹ cited in Stanner, 1953, p.111.

²⁹² Murray, 1949, p.53.

²⁹³ On how this question was confronted in Britain, see Cowen and Shenton, 1991, pp.166-168.

question turned on a second question, namely whether expanded agricultural production of internationally demanded commodities could be reconciled with the provision of indigenous welfare - i.e. to provide the framework which would “enable the native to become an independent producer for export”. As mentioned, central to Murray’s plan was his proposals for securing guaranteed markets in Australia for all agricultural commodities produced in the Territory. Assuming that at least in the initial stages of development, indigenous smallholders would struggle to compete under conditions of global competition, Murray was in effect proposing that the Commonwealth state “go beyond the simple allocation of cash grants to the Territory by subsidising its village projects with special import conditions and tariffs”.²⁹⁴ In short, the aim was to protect smallholders from fluctuations in market demand and price.

Although not unrealistic, Murray’s proposals were contrary to Australia’s obligations under the General Agreement on Tariffs and Trade which held that international trade was to be governed solely in accordance with commercial considerations. However, despite this purely political rejection, the Administrator’s attempt to situate the state in a mediating role between smallholders and international capital periodically found expression in the event of declining returns to indigenous households. For example, confronted with global coffee surpluses in 1959, Australia’s entry into the International Coffee Agreement (November 1962) was conditional on New Guinea’s trust status being recognised along with Australia’s obligations in securing “satisfactory marketing arrangements for the Territory’s coffee production ... otherwise the development so far achieved among the indigenes could be jeopardised”.²⁹⁵

None of this is to suggest that the Ward-Murray Administration set out to establish “the complete Socialist State” as envisaged by the *Pacific Islands Monthly*. Rather, contrary to claims by Legge and Downs, the “post-war period” did indeed represent a “departure from the general goals of the past”, in that, the policy of ‘dual development’, or Native Administration and European Development, was fundamentally recast within the ideological framework of Australian colonialism.²⁹⁶ After 1945, the extent and type of

²⁹⁴ Jinks, 1975, p.509.

²⁹⁵ G.A.T.T Article XXVIII, Coffee, 30 November 1962: AA A1209/45 68/9068 Part.1.

²⁹⁶ Legge, 1953, p.225; and Downs, 1980, p.40.

Australian settlement, as Murray explained, was to be determined by “the permanent interests of the native people ... in agricultural policy”. The latter of course, being something determined by a “discerning and watchful Administration”.²⁹⁷

In his review of the Provisional Administration, Murray emphasised the need “to complete the provisional and reconstructive phase as quickly as possible so that fresh development may begin on firm foundations”.²⁹⁸ As indicated above, the primary focus of this period of reconstruction was one of realising the ‘positive’ side of trusteeship by meeting social need through production - i.e. the regeneration of the conditions for household reproduction. In reforming the household labour process, the role of the late-colonial state was to regulate “the tempo and type of development”, both in the context of securing rural re-settlement and by inserting expatriate accumulation into the domain of intentional development. In arguing against the depiction of an uniquely Australian approach to colonial practice in post-war Papua New Guinea, the present thesis is not suggesting that the Territory Administration and the Department of External Territories articulated a shared, or ‘enlightened’ vision of reform. Whilst Murray, according to Downs, “remained fiercely loyal to Ward ... his relations with Canberra suffered because he believed that the Department of External Territories in Canberra was opposed to government policy”.²⁹⁹ On Halligan, the conservative Departmental Secretary, the Administrator wrote:

Most of the trouble I had came from departmental heads rather than from Ministers who understood the new policy. The pre-war economic depression and the generally penurious attitude towards Papua New Guinea made it difficult for a man like Halligan to understand that we were living in a new age. I found the pre-war Papua and New Guinea staff very much on side; but the commercial interests ... and Halligan were a constant obstacle.³⁰⁰

Without a Minister sufficiently interested to direct policy beyond labour reform, the constant obstacle of Halligan acted to slow the pace of change and was to frustrate Murray

²⁹⁷ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

²⁹⁸ Murray, 1949, p.17.

²⁹⁹ Downs, 1980, p.61.

³⁰⁰ *ibid.*, p.60.

in a number of important areas. The often disparaging reference to a “Government by Committees”³⁰¹ was as much a reflection of the Administrator’s desire to share responsibility as it was the failure of the Cabinet Sub-Committee and the Inter-Departmental Committee to produce the long-term policy direction sought by the Administration. For example, at the first meeting of the Territory Economic Development Committee in August 1947, Chairperson J.B. McAdam, is recorded as expressing the opinion that “whereas the Inter-Departmental Committee could co-ordinate plans for the Territory he did not think they were in a position to supply plans which the Territory needed within a reasonable time”. Apparently, it was the result of a meeting between McAdam and Murray that the Administrator “had decided to appoint ... four Territorial Development Committees to put forward plans for the consideration by the Inter-Departmental Committee”. McAdam had been particularly concerned with the fact that it had taken the Inter-Departmental Committee “three meetings to deal with one minor question of Forestry policy alone”.³⁰²

The apparent conflict between the Department of External Territories and the Territory Administration certainly lends itself to the argument, advanced by Jinks, that although the basic parameters for change - i.e. labour reform - came from Canberra, the real changes in health, education, co-operative societies and local government were the result of ad hoc decisions taken in the Territory itself.³⁰³ Halligan was a conservative Departmental Secretary who, in light of the Minister’s disinterest, occupied a position of executive power. However, the areas in which this conflict found expression, in particular the contest for authority between the Department, the Directorate and the Territory Administration, suggests a struggle largely concerned with territory, as opposed to ideology.

³⁰¹ see Murray, 1968, p.324.

³⁰² Minutes, Economic Development Committee, 5 August 1947: PNGNA a.12 b.3875 f.1-1-4.

³⁰³ Jinks, 1982, pp.99-100.

4.8

Conclusion

The changing economic and political reality of global capitalism after 1945, and its expression in international demands for improvements to colonial welfare and living standards, forced a re-structuring in the economic relationship between the colonies, in particular the African and Pacific Territories, and their colonial 'trustees'. In the case of Papua New Guinea, where land was never nationalised or where appropriation in the form of freehold tenure remained marginal, state trusteeship initially came to be exercised in the provision of agricultural inputs, extension services and the processing and marketing of commodities produced by smallholders. In contrast to Hubert Murray's pre-war practice of compulsory 'Native Plantations', individual households after 1945 retained control of the village and/or family labour processes, whilst control over production and consumption became the exclusive domain of the colonial state by virtue of its control of the scheme for smallholder expansion. In short, to borrow the words of Cowen and Shenton, "the state would attempt to mediate, in the name of development, between producers and the international world of capital".³⁰⁴ Checking landlessness, and hence reconciling the provision of welfare with expanded commodity production, was the dominant theme in this process of mediation. Moreover, it was the mutual regard for this particular idea of development which underlies the connection between the late-colonial welfare plans in the British African Territories and Australian practice in Papua New Guinea, the evidence of which is ultimately given in the primacy accorded to smallholder agriculture.³⁰⁵ Demonstrating that Australia's commitment to the agrarian doctrine for Papua New Guinea was strengthened, as opposed to weakened, under Liberal Minister for Territories Paul Hasluck, is the subject of the following chapter.

³⁰⁴ Cowen and Shenton, 1991, p.168.

³⁰⁵ see MacWilliam, 1995, p.123-124.

Chapter Five

Hasluck and the Agrarian Doctrine of Development

5.1

Introduction

The tendency to read into Ward the more general shift to 'positive' colonialism and hence to attribute to him, the sole responsibility for a "Wardist Native Welfare" policy, meant that the defeat of the Chifley Labor Government in December 1949 was expected in some quarters to lead to a reversal of Federal Government policy for Papua New Guinea.¹ Typical of the views expressed to the new Liberal Party Minister for External Territories P.C. Spender, was the New Guinea Planters' Association: "all our members are very much elated and hope that the terrific expenditure of the Australian Taxpayers money will be greatly reduced and that what money is spent will be spent more wisely instead of being squandered to pay for a top-heavy administrative system and to preserve New Guinea as a museum".²

In February 1950, Spender issued a statement that he would undertake a "general inspectorial visit" of Papua and New Guinea, to take place between 29 March and 13 April 1950.³ His personal account of the trip suggests, at best, a somewhat shallow appreciation of the 'colonial question'. Indeed, in Opposition five years earlier, Spender had confessed to an "abysmal ignorance of conditions in New Guinea".⁴ Yet, what is

¹ 'Developing Our Neglected Assets', *Sydney Morning Herald*, 3 June 1950, p.2.

² Halligan to Murray, 22 February 1950: PNGNA a.247 b.203 fca.1/8/1/10.

³ Downs, 1980, p.69.

⁴ *Commonwealth Debates*, 18 July 1945, p.4210.

apparent is that development, as far as the Opposition M.P and later the Minister understood it, meant the development of private enterprise, albeit within a refashioned, or state directed intent.

In Opposition, Spender spoke of the need to depart from “the old colonial system of exploitation in the interests of the white man”. Instead, “the future of the country must be moulded according to the best interests of the natives”.⁵ In contrast to Ward however, for Spender, private capital investment was regarded in productive rather than parasitic terms. The task therefore, was to specify how capital investment was to be “moulded according to the best interests of the natives”. Despite the Minister’s liberal credentials, the colonial state remained at the centre of the intent to develop: Papua New Guinea “will be developed not entirely by natives, but through the assistance of white men with capital and every other form of help that we can give”. Trusteeship meant a “partnership, in which we will be the guiding partners who seek to make no profit”.⁶ Writing later, on the Ward-Murray administration, Spender placed part of the blame for the lack of direction in development planning on “the socialist approach of my predecessor and the Government to which he belonged” and “to what appeared to me an exaggerated anthropological emphasis by the local administration to their problems”.⁷

Spender’s report to Parliament on 1 June 1950, represented in the Minister’s own words, “a radical departure from previous policy”.⁸ The principal element missing from Labor’s colonial policy was, according to Spender, a framework for private capital investment: “the idea that private capital should be permitted to develop the territory would have been an anathema to ... [Ward] - would lead to what was then called the ‘capitalist exploitation of the native people’”.⁹ In contrast, Spender held that “private capital investment in the Territory had to be encouraged”.¹⁰ According to Downs, Spender’s “presentation” to the House not only introduced the “missing initiative” in Papua New Guinea development practice, namely private enterprise, but also “summarised plans that

⁵ *ibid.*, p.4211.

⁶ *ibid.*

⁷ Spender, 1972, p.275.

⁸ *ibid.*, p.277.

⁹ *ibid.*, p.275.

¹⁰ *ibid.*, p.277.

survived his own term of office and became the basis of Hasluck's programme".¹¹

Government policy was stated as:

whilst it will be the task of the government, through its programmes for their [Papua New Guineans] social advancement, to enable these people to take a constantly increasing share in the government of their country, it is to private enterprise under proper safeguards that the government must to a major extent look for assistance in securing the economic advancement of these territories. To this end every encouragement will be afforded to private enterprise in bringing its available skill and capital to bear on the development of the territories natural resources and, in so doing, to impart to these backward peoples the means of participating to an ever-increasing extent in developing the wealth of their country.¹²

In terms of expatriate agricultural settlement, a subsequent policy statement dated 30 June 1950 clearly defined its role along diffusionist lines. The aim of government policy was the creation of a "native operated economy aided by invested capital with managerial and technical skills rather than a European economy aided by a native labour force". Translated into practice, this meant "a regulated economy shared by two types of development with the basic economy being founded in native industry and with *European industry drawing off the surplus labour force*".¹³ As an expression of the intent to develop, such a policy would hardly suggest an explicit return to the "rampant white capitalism" of the pre-war era.¹⁴ More importantly however, the programme envisaged by Spender, contrary to the suggestion by Downs,¹⁵ was not the basis on which Hasluck was to structure development practice in Papua New Guinea. Rather, reflecting an altogether different intellectual framework, Hasluck indicated as early as October 1951 his intention to depart from it.

Spender's term as Minister for External Territories lasted less than eighteen months. Thus, by his own admission, he "was unable to do much". However, somewhat

¹¹ Downs, 1980, p.72

¹² *Commonwealth Debates*, 1 July 1950, p.3637.

¹³ Territory of Papua and New Guinea: Development, 30 June 1950: PNGNA a.247 b.203 fca.1/8/1/10 (my italics).

¹⁴ Jinks, 1975, p. 494; see also Howlett, 1969, pp.192-193; Rowley, 1965, pp.119-121; and Downs, 1980, pp.42-43.

¹⁵ Downs, 1980, p.72.

pretentiously he later wrote of his 1 June 1950 speech as providing nothing less than the “main foundation upon which the progress and development of New Guinea has been erected”.¹⁶

The main points of Spender’s speech were presented for publication in a report entitled ‘Australia in New Guinea: the Post-War Task’.¹⁷ Not ready for publication until October 1951, Hasluck, appointed as Spender’s successor in June 1951, stalled its distribution on the basis that “it does not accord with my own views at some points”. If the principle point of Spender’s speech was, as he himself proclaimed, the re-instatement of the role of private capital investment, then its contribution to the ideological framework of development practice in Papua New Guinea was to be minimal. The precise section highlighted by Hasluck as departing from his “own views” and questioned by the new Minister stated:

the native peoples will be unable, for many years to come, to play any important part in the executive government of their country; they are much too primitive. Nor have they the capital and the skill to develop their country’s latent resources. While it will be the task of Government, through programmes for social advancement to take a constantly increasing share in the running of their country, the Government must, to a large degree, look to private enterprise, under proper safeguards, to economically advance the region.¹⁸

Writing on Spender’s programme in May 1952, Hasluck suggested that whilst skill and capital were central to the post-war development project, he noted cautiously that it was “possible ... that the Government’s policy in regard to private enterprise is still not fully understood by planters and other representatives of private enterprise in the Territory or fully appreciated by intending or prospective investors in Australia”.¹⁹ The Minister’s rejection of the above policy direction was not indicative of a simple desire, as suggested by Jinks, “to avoid Spender’s error of seeming to reverse established policies”.²⁰ Indeed, given that the 1950 visiting Mission of the United Nations reported positively that “the

¹⁶ Spender, 1972, p.278.

¹⁷ Australia in New Guinea: The Post-War Task, October 1951: AA M335/1 Part.2.

¹⁸ *ibid.*

¹⁹ Hasluck, Papua and New Guinea: Notes of Policy Development, 9 May 1952: AA A1838/1 302/4/2.

²⁰ Jinks, 1979, p.29.

statement made by Mr. Spender on 1 June 1950 contains the most important declaration of policy ever made by the Australian Government with regard to the future development of New Guinea”,²¹ there was little immediate pressure for Hasluck to revise his predecessor’s policy intentions. Rather, Hasluck’s departure from Spender’s plan reflected an approach to rural development which strengthened, as opposed to weakened, the agrarian intent informing late-colonial trusteeship. In particular, state practice was refashioned to deal with what was perceived as the growing threat of an unemployed, surplus indigenous population, the reality of which, according to Hasluck, “hit” the administration “between the eyes” in “the late fifties” with “the growth of an urban proletariat”.²² As he wrote to Lambert, “it is obvious that one of the most urgent social problems that is emerging in the Territory ... is the presence in nearly every town of groups of ‘foreign’ natives”.²³ The latter referring to the semi-permanent settlement, in urban designated areas, of indigenous persons whose traditional lands were elsewhere and who, as a result, were perceived by the Administration as landless.

As an immanent process unfolding outside the regulatory capacity of the colonial state, the emergence of a “‘landless proletariat’ and the congregation of ‘foreign natives’ on the outskirts of the larger towns”, was identified by Hasluck as *the* “special concern of the Government”.²⁴ What follows is a discussion of the Minister’s contribution to the structuring of intentional development in Papua New Guinea and its realisation in the form of a dominant rural smallholder sector. Devoting a single chapter to Hasluck, his ideas and the manner through which he sought to bring them to bear on the development process in Papua New Guinea, is justified, given the centralised control he demanded and the fact that he held the Territories portfolio until 1963.

²¹ United Nations Visiting Missions to Trust Territories in the Pacific, *Report on New Guinea 1951*, Trusteeship Council, 30 January 1951 to 16 March 1951, Supplement No.4: UPNG, Port Moresby.

²² Hasluck, 1976, pp.336,335.

²³ Hasluck, ‘Foreign Natives in Towns, 22 February 1960: AA M1776/1 Vol.17.

²⁴ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.

5.2

Hasluck and the Modern Idea of Development.

Dominating Hasluck's "intellectual universe", were two influences which are central if we are to trace the modern idea of development and its application to Papua New Guinea - namely, radical Toryism and Fabianism. On the first, MacWilliam, quoting an ABC radio interview between 1935 and 1937, notes the influence of William Cobbett's 'ruralism'.²⁵

According to Hasluck, the nineteenth century radical was:

part of the resistance to the breaking up of the farm life of England by the new industrial age, and with that breaking up of farm life, the loss of sturdiness, thrift, independence, and above all that freedom and love of liberty which he saw as the chief characteristic of the yeomen of England before they became separated from the land ... In his most radical stage Cobbett had a good deal of Tory in him; he was always strong on property; he had no airy notions about equality but rather believed in such practical things as the restoration or protection of a man's just rights.²⁶

What was asserted by Cobbett, and a tradition which included William Morris, was an idealised view of pre-capitalist society, against the distortions of humanity which underpinned the so-called 'progress' of industrial capitalism, in particular its priorities and disciplines.²⁷ Like Cobbett, Hasluck was no apologist of 'progress'. In the context of Papua New Guinea, he admitted to being suspicious "about the easy enthusiasm for any sort of development, but especially those projects that called for [the] permanent transference of labour". Implicit was a distrust based not on the immediate realities of primary capitalist accumulation in Papua New Guinea, but on a nineteenth century image of capitalism's negative past: "musing on economic history", Hasluck continued, "one reflects that the trans-Atlantic slave trade was in large part the consequence of quick response to economic opportunity in North American plantations, and that the most deplorable consequences in the nineteenth century of the industrial revolution, such as

²⁵ MacWilliam, 1997, p.90; on Cobbett's ruralism, see Griffiths, 1999.

²⁶ Hasluck, Lectures and Radio Talks Mainly on Literary Subjects Given in 1935, 1936 and 1937: Records held at 14 Reserve St., Claremont.

²⁷ Williams, 1989, p.139; see also Brass, 1997, pp.204-208.

depressed labour, slum dwellings and class enmities, followed actions that were regarded as worthy steps of economic progress".²⁸ On this latter point, in a paper aptly titled 'The Fallacies of Progress', Hasluck spoke critically of the blind confidence "that progress will continue", arguing that "we overlook the possibility that sometimes there may be decline and decay". Elaborating, he added:

because some changes are for the better we fall into the fallacy that all change is for the better. We cease to ask critically whether the condition we have produced is really better than the one it replaced. We become careless or even indifferent about arguments on what is better and what is worse.²⁹

Progress of course, refers to the immanent processes of capitalist development, whilst the idea that social change needs to be 'critically' assessed as to whether it represents an advance or 'corruption' of some prior existing state, refers to intentional development. On the former, Hasluck expressed considerable doubt as to whether "any reformer could cancel what the enthusiast calls tremendous progress".³⁰ The point therefore, was to secure, through the state apparatus, a positive intent to overcome the "decline and decay" arising from immanent development, or progress. As MacWilliam points out, "while he always retained doubt about the capacity of the intentional to permanently overcome spontaneous, immanent development, with its downside of decline and decay, nevertheless Hasluck had a considerable attachment to the modern idea of development".³¹

Assimilation in any standard sociological text, describes a process whereby indigenous or immigrant groups are integrated or subordinated to a dominant white culture. According to A.M. Healy, Hasluck's approach to colonial policy for Papua New Guinea represented the epitome of this strategy.³² His background in "evangelical Christianity, his pre-war interest in indigenous Australian policy" and a "culturally monist view of the world" ensured that as Minister for Territories, "the essential problems of administration ... boiled down to the long-term education of the native to accept the superior usage's of Australian

²⁸ Hasluck, 1976, p.326.

²⁹ Hasluck, 1977, p.1; see also, 1976, p.326

³⁰ Hasluck, 1977, p.7.

³¹ MacWilliam, 1997, p.90.

³² Healy, 1979, pp.34-35.

civilisation”.³³ The intention here is not to defend the indefensible, that is Hasluck’s ideas on assimilation. However, to use it as Healy does, to support his argument that Australian colonial philosophy represented “the diametric opposite of British thinking and methods”,³⁴ is somewhat superficial. ‘Indirect rule’, the form of ‘native’ administration apotheosised by Healy as encapsulating British colonial practice, was essentially a vehicle for hitching “African labour and resources to the colonial state without undermining African community”.³⁵ Insofar as colonial practice under Hasluck abstracted “the village” as the site of indigenous ‘community’ and hence, of development itself, the similarities between the two colonial powers, expressed in the shared programme for expanding household production, were explicit.

As MacWilliam explains, “assimilation, as a form of development informed by trusteeship, had its origins for Hasluck in the impoverishment and decay of Aboriginal life in Western Australia”.³⁶ Whilst a back-bencher in June 1950, Hasluck called on the Federal Parliament to move beyond the superficial provision of ‘protection’, or of “set[ting] up a barrier between them [indigenous Australians] and the invading white community”, to a strategy of “social advancement” based on extended citizenship. He argued that “the Australian Government exercises a national responsibility for the welfare of the whole Australian people and therefore should co-operate with State Governments in promoting the welfare of aborigines”. Internationally, Hasluck warned, Australia’s defence of human rights and welfare was being “mocked by the thousands of degraded and depressed people who crouch on rubbish heaps throughout the whole continent”.³⁷ As he explained in his *Black Australians: A Survey of Native Policy in Western Australia, 1829-1897*, the seventy years of contact between indigenous Australians and an expanding settler capitalism resulted in social decline, or non-development for the former: “the limited measures taken for the protection of the native from violence, the prevention and treatment of diseases and the provision of the means of subsistence ... were inadequate to preserve

³³ *ibid.*

³⁴ Healy, 1986, p.2.

³⁵ Grischow, 1998, p.140; see also Mamdani, 1996, p.286.

³⁶ MacWilliam, 1997, p.90.

³⁷ Hasluck, Speech from the House of Representatives, 8 June 1950. In Stone, S (ed.). (1974) *Aborigines in White Australia: A Documentary History of the Attitudes Affecting Official Policy and the Australian Aborigine 1697-1973*. Victoria: Heinema Educational Books, pp.191, 193, 192.

his life; and they present too ugly a background for any white man to find complacency in the belief that the natives should die out".³⁸

For Hasluck, assimilation held a constructivist intent. Faced with what he perceived as a prior situation of "decline and decay", intentional development required a strategy of assimilation "not to 'smooth the pillow' for a disappearing people", but to bring the assumed benefits of citizenship to indigenous Australians.³⁹ According to Hasluck, state practice had to shift from the essentially administrative category of protection to the provision of welfare and hence, of development. Emphasising the 'positive' side of trusteeship, Hasluck wrote that "protection could never arrest the course of change": "when an advanced interest, or progress is started, this policy could not call a halt either to the zeal of missionaries or the pressure of settlement".⁴⁰ Assimilation as a form of intentional development, was structured against the perception that immanent development, or settler capitalism, had undermined existing forms of indigenous community to such an extent that they could not be restored: "the adoption of that policy of assimilation", Hasluck wrote, "owed a good deal to the observation by anthropologists of the crumbling away of aboriginal society and culture".⁴¹ The 'positive' intent of the policy of assimilation was emphasised in the movement "away from the idea of protection to the idea of welfare and social advancement", or the reconstitution of indigenous 'community'. Somewhat idealistically, the latter was defined as "a policy of opportunity [which] ... gives the aboriginal and person of mixed blood a chance to make his own life".⁴² As trustee, the role of the State, according to Hasluck, was a constructivist one: "we should consider starting a new era [of] ... direct, positive and effective action [in which] ... it is necessary to make a

³⁸ Hasluck, 1942, p.204.

³⁹ MacWilliam, 1997, p.91.

⁴⁰ From Protection to Welfare, Address to the Biennial Conference of the Australian National Council of Women, 14 October 1952. In Hasluck, P. (1953) *Native Welfare in Australia Speeches: Speeches and Addresses by the Hon. Paul Hasluck*. Perth: Paterson Brokensha, p.33.

⁴¹ Hasluck, Some Problems of Assimilation, Address to Section F to ANZAAS, Perth, August 1959.

⁴² Hasluck, Report on the Native Welfare Conference, 18 October 1951. In Stone, S (ed.). (1974) *Aborigines in White Australia: A documentary History of the Attitudes Affecting Official Policy and the Australian Aborigine 1697-1973*. Victoria: Heinema Educational Books, p.197.

reappraisal of the role of this Parliament in the problem of native welfare and to give a lead in the formation of a joint national programme".⁴³

In contrasting the constructivism implicit in Hasluck's views on indigenous affairs in Australia with Papua New Guinea policy, MacWilliam, in a trenchant observation, notes that in the former "assimilation required trusteeship, where the indigenous population were in the minority", whilst in the latter "the paramountcy of native interests requires trusteeship where the indigenous population were in the majority".⁴⁴ In this sense, we need to consider the influence of Fabianism in giving meaning to this shift in the focus of trusteeship.

In a statement to Parliament on 30 September 1959, Hasluck responded to criticisms from Liberal Party colleagues R.C. Wheeler and M.L. McColm, that colonial policy, as was being applied in Papua New Guinea, departed from "the principles of the Liberal Party" with respect to limits placed on indigenous wage labour and European land alienation. On the question of land, Hasluck defended restrictions to alienation on the grounds that "the liberal respect of property ... is a respect for a small property no less than a respect for a large property and this respect means the constant protection of the small man and not merely an encouragement to the strong". He added: "I assert that the private enterprise of every native villager is just as sacred to liberalism as is the private enterprise of any European who may have established a business there".⁴⁵ Just as Liberals and Fabians in Britain came together on the 'problem of Kenya', with its white estates and an impoverished class of dispossessed producers, Hasluck's defence of individual smallholdings suggests a similar, albeit less recognised, coming together, in which Fabianism's agrarian bias and Liberalism's defence of private property combined to commodify land in a form which sought to check landlessness.

⁴³ Hasluck, Speech from the House of Representatives, 8 June 1950. In Stone, S (ed.). (1974) *Aborigines in White Australia: A documentary History of the Attitudes Affecting Official Policy and the Australian Aborigine 1697-1973*. Victoria: Heinema Educational Books, p.192.

⁴⁴ MacWilliam, 1997, p.92.

⁴⁵ *Commonwealth Debates*, 30 September 1959, pp.1574-1575.

The influence of Fabianism in framing Hasluck's approach to development is largely implicit. However, two explicit examples do stand out. First, was the conception of Kenya as epitomising 'corruptive' development, or that which is not in keeping with itself. Although Hasluck admitted to having "no first-hand knowledge of Africa", state intervention directed at restraining European settlement of the New Guinea Highlands was justified on the grounds of preventing a "Kenya situation". He elaborated: "what was happening and what I was determined should not go on was that the Europeans were getting all the best coffee land; ... the native people were being left far behind and looked like having a future only as houseboys or labourers for white settlers, or the growers of small cash crops to be sold cheaply; it was doubtful whether the needs of the heavy native population for nutrition, health and social welfare were being fully foreseen and properly protected".⁴⁶ Second, reflecting on the December 1942 Mont Tremblant Conference, Hasluck spoke of developing a close association with leading Fabian and British Labour M.P, Arthur Creech Jones, of which he spoke of have having "a lot in common with".⁴⁷

In what might be described as *normalien* in manner, Hasluck, in his *A Time for Building*, confessed to having "never been interested in or knowledgeable about the colonial question" prior to his appointment as Minister for Territories. He admitted to having written in his "undergraduate days" a "tutorial essay on Lugard in West Africa", but not at having progressed beyond this point.⁴⁸ However, in contrast to this self-assessment, files from the Department of External Affairs for the period 1942-1945 indicate that as Head of Post-Hostilities Planning, Hasluck was extensively involved in articulating Australia's position on the colonial question. Moreover, the 1942 Mont Tremblant Conference not only brought Hasluck into contact with the colonial framework being articulated by Creech Jones, but also Lord Hailey, who, according to Louis, exerted "immense influence" at the conference. In particular he was able to "demonstrate that the problems facing the British were essentially the same as those of all nations with dependent peoples".⁴⁹ As noted earlier, Hailey later spoke "appreciatively" to Bruce "of the work of

⁴⁶ Hasluck, 1976, p.122.

⁴⁷ Hasluck, 1980, pp.69-70; see MacWilliam, 1997, p.93.

⁴⁸ Hasluck, 1976, p.5.

⁴⁹ Louis, 1977, pp.12-13.

the Australian Delegation to the Conference”,⁵⁰ an appreciation which was reportedly extended specifically to the work of Hasluck.⁵¹

That Hasluck did not progress past an undergraduate essay on Lugard seems somewhat understated in light of his exposure to such authorities on colonial trusteeship. Moreover, as Minister he was regularly informed of colonial developments in Britain. In particular, information received by Hasluck concerning the administration of the Colonial Development and Welfare Fund, generated sufficient interest for the Minister to arrange a visit to the Colonial Office by his Parliamentary Under-Secretary “to see if such a fund would be applicable to Australian Territories”.⁵²

To suggest that Hasluck was an authority on colonial policy and practice would be to overstate the point. However, the convergence between British Fabian precepts on the constructivist application of state trusteeship and the Minister’s approach to development practice in Papua New Guinea, is such that to depict the Territory Administration as uniquely Australian ignores the actual realisation of this shared position in the primacy accorded to the agrarian doctrine.

Like the Fabians in Britain, Hasluck’s distaste for proletarianisation, or the separation of labour from the means of production, came to dominate his approach to colonial trusteeship. In a paper on ‘Australian Policy in Papua and New Guinea’, the provision of welfare was identified as being “best served by measures that maintain village life and the attachment of the native to his land”.⁵³ In this sense, the primary directive informing agrarian practice was not one of meeting social need through production, but rather a one-sided attempt to deal with the negative consequences of capitalist development - unemployment and a growing surplus population: “we ... have to be sure”, Hasluck wrote, “that they [indigenous households] do not expose themselves to the hazards of the wage-earner, including that of unemployment or change of employment”.⁵⁴ As noted, Hasluck’s

⁵⁰ Bruce to Curtin, 29 March 1943: AA A2937/1 203.

⁵¹ Stirling, 1974, p.314; Hasluck, 1980, p.69.

⁵² Parliamentary Under-Secretary to Hasluck, 9 October 1952: AA M1776/1 Vol.2.

⁵³ Hasluck, Australian Policy in Papua and New Guinea, 1956: PNGNA a.12 b.16.664 f.9-1-1 Part.2.

⁵⁴ *ibid.*

pre-war interest in indigenous Australian history and policy meant he retained an element of doubt as to whether the intentional could overcome immanent development and hence, “decline and decay” in the form of landlessness and proletarianisation. For example, on the question of labour in Papua New Guinea he accepted that “one of the accompaniments of change would be the growth of an urban proletariat”. The point however, was to exercise state power to ameliorate, or at least ‘control’, the speed in which capitalist development tended towards this eventuality: “I expressed the view”, Hasluck wrote, “[that] we should not promote or expedite the transfer of the people from the village to the town”.⁵⁵ Land and labour policy therefore, were to be exercised to “control ... the nature and the rate of social change among the native people”.⁵⁶ As Hasluck explained in his ‘Australian Policy for Papua and New Guinea’:

We have to contemplate in the long term the problems that may be set up by the early creation of a landless, urban proletariat. Our concern with such an eventuality is not repressive in intention but is one which pays regard to the risks to which the individual and the group will be exposed in the course of the transition. We have to be careful that they do not lose their social anchorage in the village before we can be sure that they find an equally safe social anchorage when they arrive at a new form of life as wage-earners in the town.⁵⁷

The rise of a “landless, urban proletariat” was thus regarded as an “eventuality” in the transition from traditional to capitalist social forms. As the above makes explicit, the point was to exercise state power to control this transition. As the medium through which to direct and centralise developmental intent, Hasluck’s attraction to the state apparatus was noted by the *Pacific Islands Monthly* which observed in typically reactionary language, that the Minister “may be nominally a Tory; but his record up to date (pre-political and post-political) suggests that his is mostly a Socialist planner, incapable of leaving the trained and practical men alone in the jobs for which they have planned”.⁵⁸ This observation was directed at Hasluck’s moves to reassert the Administration’s control over

⁵⁵ Hasluck, 1976, p.335.

⁵⁶ *ibid*, p.228

⁵⁷ Hasluck, Australian Policy in Papua and New Guinea, 1956: PNGNA a.12 b.16.664 f.9-1-1 Part.2.

⁵⁸ ‘Islands Development and Visionary Ministers - Especially Australian’, *Pacific Islands Monthly*, May 1955, Vol.25, No.10, p.14.

the land settlement process through the creation of the Land Development Board (see below). However, rhetoric aside, it could have been applied to any one of the forms of state identified by the Minister as central for preserving 'the village' as the site of indigenous 'community' and hence, the object of the colonial intent to develop.

Under the Ward-Murray Administration, development doctrine was shaped in opposition to a previous course of colonial capitalism, of which the system of indentured (migratory) labour was seen as encapsulating. Conversely, for Hasluck, it was the emergence of a relative surplus population, as the expression of labour's separation from the land and unique to a particular trajectory of capitalist development,⁵⁹ that constituted the point of departure in which development was invoked as ameliorating. Intentional development, or the structuring of a modern smallholder sector, was thus, to paraphrase Cowen and Shenton, designed to forestall in Papua New Guinea a future read-off from a "nineteenth-century European past, despoiled by the ravages of industrial capitalism".⁶⁰ Prefiguring this shift in logical application was a 1950 report on the indigenous urban community of Hanuabada, Port Moresby, which suggested that the "process of urbanisation and readjustment" taking place, differed "only in detail" to that which had occurred in nineteenth-century Britain:

The urbanisation of a formerly agricultural and self-supporting people is inevitably accompanied by problems of adjustment, both in the economic sphere and in the social pattern. In all countries and in all periods these problems have presented themselves and occupied the time and labours of social workers to a greater extent than any other form of social dislocation. At the time of the Industrial Revolution which had the enclosure movement as its corollary, the labourer was divorced from his land and the land from the labourer. Mushroom industrial centres were effective in absorbing the greater number of landless, but the readjustment of the agriculturist, calling as it did for a new way of life, new dietary habits, new methods of housing, a new rhythm of work and above all a new attitude to life, was not accompanied easily or without serious disabilities.⁶¹

⁵⁹ Hasluck, 1976, pp.335-336. On the uniqueness of the emergence of a relative surplus population to a particular trajectory of capitalist development, see Marx, 1867, pp.600-607.

⁶⁰ Cowen and Shenton, 1998, p.56; see Hasluck, 1976, p.326.

⁶¹ Hanuabada Welfare Board to Inter-Departmental Committee on Native Welfare, 1950: PNGNA a.243 sn.339 b.187 f.8-5-1.

However, in *A Time for Building*, the Administration is criticised by Hasluck for not recognising the social consequences of landlessness in the late 1950s. He wrote of feeling a “growing concern at reports about what was described locally by both officials and the newspapers as ‘native unemployment’”. Hasluck cautioned that to “describe it as ‘unemployment’ seemed to me to ignore broader questions of the standard of living, housing and social services for rootless people living on the fringe of urban life”.⁶² In terms of making labour ‘independent’ for the provision of subsistence, the corollary was predictable: to repeat an earlier quote, “it is better”, Hasluck instructed, “to maintain the old-established policy of preserving, as far as possible, and for as long as possible, the association of the people with their own villages, for social change will come better in the village, the path of their advancement will be clearer there, and any evils, such as hunger, can be dealt with more effectively there”.⁶³

In an article for the *Sydney Morning Herald*, Hasluck reiterated the dangers of unfettered capitalist development in terms of its disruption to “village life” and indigenous food supply. However, included in the same article is an apparent contradiction which goes along way toward defining Hasluck’s policy framework. In a section concerned with “Native Capitalists”, the Minister stated that “outstanding individual natives may become capitalists of their own enterprises and employers of labour”. Later however, it was maintained that “from time to time we may encounter one of the most serious dangers to the future of the whole of the people - the influence of the native demagogue - and we may have to walk very carefully to avoid checking a legitimate aspiration [*read* “native capitalist”] while we protect the mass of the people from inexperience or ambition”.⁶⁴ Hasluck’s model of ‘uniform’, or middle-peasant development, criticised for placing a fetter on the emergence of an educated indigenous ‘elite’,⁶⁵ needs to be considered in light of his Fabian attachment to the agrarian doctrine. Given that a class of capital exists only in antithesis to a class of labour, Hasluck’s policy of uniform development, was directed at pre-empting accumulation in smallholder agriculture. Thus, established in 1955, the Native

⁶² Hasluck, 1976, p.233.

⁶³ Hasluck, ‘Foreign Natives’ in Towns, 22 February 1960: AA M1776/1 Vol.17.

⁶⁴ Hasluck, ‘Native Welfare is a Big N.Guinea Task’, *Sydney Morning Herald*, 15 August 1952; AA A1838/283 301/1.

⁶⁵ see Healy, 1986, p.7.

Loans Board (see Chapter Nine), for example, showed “extreme reluctance to grant loans to permit employment of any labour”.⁶⁶ As Director of Agriculture F.C. Henderson explained: “the Administration does not wish to encourage the permanent employment of paid labour, but wishes the area to be developed by the labour resources of the family”.⁶⁷ The intent, as Hasluck informed the Australian Senate in August 1961, was that the indigenous population would “find their advancement in changing from village subsistence gardening to cash cropping, forming a native [middle] peasantry that, *so long as the families work as families, will not be a major employer of wage-earning labour*”.⁶⁸

Uniform development, essentially referred to the non-concentration of administrative services and resources in regions or peoples whose extended contact with the capitalist frontier, placed them in a potential position of dominance over peoples from less developed areas. The purpose was not to restrict development, but rather, as Hasluck put it, “whilst there should be no conscious effort to hold back the rate of development in rapidly advancing areas, the major effort should be concentrated on accelerating progress in other areas”.⁶⁹ The aim was to pre-empt the emergence of any particular group whose demand for labour and land reform might threaten the attachment of indigenous households to smallholdings and hence, the agrarian doctrine itself. As Hasluck explained in a statement to Lambert on ‘Native Affairs Policy’:

you will recall that I have made it an aim of our policy that the people in the outlying areas, such as the Sepik and the Fly River Delta, have to be brought up to a level of education comparable with that of the natives in Port Moresby or New Britain so that they are not left behind in the eventual progress towards self-government and placed in a position of subservience ... We are not labouring in Papua and New Guinea simply to hand over its destinies to a few ‘smart boys’ and ‘shrewd heads’ from Moresby and Rabaul.⁷⁰

⁶⁶ Crocombe, 1965, p.35; see also Fitzpatrick, 1981, pp.94-95.

⁶⁷ Henderson, Native Land Tenure, 29 June 1955: PNGNA a.249 b.291 fca. 28-6-1-159.

⁶⁸ Statement read by Senator Paltridge on behalf of the Minister for Territories, *Senate Debates*, 15 August 1961, p.22 (my italics).

⁶⁹ Notes of Discussion Held in the Office of the Minister for Territories, 1-2 February 1956: AA M331/1 2.

⁷⁰ Hasluck, Native Affairs Policy, 18 October 1955: AA M335/1 7.

Coupled with the policy of uniform development was an implicit notion of gradualism. Whereas the former referred primarily to the relationship between indigenous smallholders and a potential class of capital, the latter was invoked as justification for subordinating expatriate accumulation to state plans for expanding household production. Essentially, 'gradual development' meant the slowing "down of economic development until the indigenous people could share in it on a more equitable footing". As Hasluck explained: "measures ... taken in the Territory for the improvement of village agriculture [are] .. an essential corollary to European land settlement"⁷¹ or, as stated earlier, in "any land settlement the overriding consideration had to be the established policy of native welfare and no land acquisition could be made purely in the interests of development".⁷² Frequently cited, albeit imperfectly understood, as the Minister's "one original contribution" to Australian colonial philosophy,⁷³ the policies of uniform and gradual development, in particular their conceptualisation in opposition to indigenous landlessness, were linked to Hasluck's more general position on colonial gradualism and the corresponding agrarian doctrine of development.⁷⁴

Hasluck's period as Minister for External Territories is regarded as one in which the Australian Administration was unique. As Timms notes, the Minister himself "did much to promote such a depiction, claiming that Papua New Guinea was neither a colony nor a territory".⁷⁵ Like Ward before him, Hasluck was a nationalist, whose views found expression in a distaste for British imperialism. On his first impressions of the Territory, he admitted to being "revolted at the imitation of British colonial modes and manners by some of the Australians who were there to serve the Australian Government". On Australia's own policy, Hasluck wrote:

One early point I made was that in Papua and New Guinea the colonising process was taking place after the colonial age had ended. Any nation administrating such a territory today must place in the forefront of its thinking the conception that the people had rights of their own. Colonial days

⁷¹ Hasluck to Lambert, 30 July 1958: AA A518/1 A1927/2.

⁷² Hasluck, Land Settlement, 1 February 1954: AA M1776/1 Vol.5.

⁷³ Healy, 1986, p.7.

⁷⁴ see Hasluck, 1976, p.131.

⁷⁵ Timms, 1996, p.87; see also Porter, 1993, p.107.

had passed and the Territory could never be treated as a colony in the old meaning of the term.⁷⁶

Hasluck's distaste for colonialism was clearly directed at British imperialism during the 'Golden Age' of the nineteenth-century. Echoing the earlier views of Forsyth and Evatt, namely that Australians needed to reconcile their own consciousness on imperialism, the Minister expressed the view that "I do not think that we, as Australians, need rely on any one else to be the guardian of our own conscience". He added: "let us satisfy ourselves that we are doing the right thing ... [in Papua New Guinea], and that we are living up to the standards which we set ourselves as Australians".⁷⁷ Nationalism aside, the standards set by Hasluck were, of course, in line with the official language of the Colonial Office. "Most notable", to use the words of Timms, "was Hasluck's determination to couple plans for social, economic and political development in the Territory".⁷⁸ In *A Time for Building*, Hasluck recalls that as Minister for Territories his "fears about the political difficulties that would ensue in a self-governing country if our administration produced in the coastal towns of the Territory a large, discontented, badly housed, socially maladjusted population of wage-earners", were frequently expressed in the view "that political, economic and social change had to go hand in hand".⁷⁹ Colonialism, trusteeship and development were thus inter-changeable: the provision of welfare and increased living standards were to be secured by fixing indigenous labour effort in land and the shift from the peasant, as the "archetype of conservation" to the object of development, was seen as conditional on state administration.

⁷⁶ Hasluck, 1976, pp.14,69.

⁷⁷ *Commonwealth Debates*, 1 September 1954, p.848.

⁷⁸ Timms, 1996, p.87.

⁷⁹ Hasluck, 1976, p.131.

5.3

Hasluck and the Administration of Development

Concerned “*less* about capitalism, than what is *not* capitalist”,⁸⁰ neo-Marxist discussions on the ‘conservation’ of middle peasant forms of agriculture necessarily situate this perceived ‘anomaly’ of periphery capitalism against the colonial states inability to secure the requisite conditions for proletarianisation - namely, a market in land and labour.⁸¹ For example, in the context of Papua New Guinea, Fitzpatrick describes the colonial state as “weak and perilous”, and the period 1952-1963 as one in which:

basically ... the traditional mode was still to be conserved and the peasantry was to operate from within it ... Further, if the peasantry can produce for the market within the traditional mode, potentially disruptive class elements could continue to be contained: there would be no ‘landless proletariat’, as official reports so often put it, and the peasantry itself would have difficulty organising across ethnic barriers. Official concern to conserve the traditional was so paramount, that it was even the case with early agricultural extension efforts by the colonists that communal production was emphasised, because it was thought this would fit the traditional mode of production.⁸²

Thus, the argument goes: having failed to transform the social relations of production along the lines depicted in *Capital*,⁸³ the Territory Administration retreated into a policy of ‘preservation’ or ‘conservation’ which, according to the neo-Marxist argument, offered the additional benefit of subsidising expatriate accumulation *vis-à-vis* the partial reproduction of labour power outside the capital-labour relation.

Whilst the capitalist state is by definition “weak and perilous”, to explain the post-war ascendancy of smallholder production in light of a varying or greater level of weakness, belies the fact that the period 1952-1963 was one in which the essential conditions of the capitalist state form - the subordination of traditional social forms to the rule of law and

⁸⁰ Wood, 1997, p.2 (original italics).

⁸¹ see Bettelheim, 1972, p.298; Laclau, 1977, p.35; and Wallerstein, 1985, p.41.

⁸² Fitzpatrick, 1981, p.95.

⁸³ see Marx, 1867, pp.873-876.

the money form - were greatly extended. Coinciding with the long post-war boom, the period 1952-1963 was one of substantial economic growth for Papua New Guinea. Stable and consistently high commodity prices, rather than giving expression to the inherent weakness in the colonial state, created a climate in which its constructivist moment could be brought to bear on the processes of capitalist development. Put otherwise, the scheme of smallholder production was secured through the colonial apparatus, not as a condition of 'weakness', but rather as an expression of conscious developmental intent. In Papua New Guinea, this perception of strengthened capacity took the form of the centralisation of development policy around the metropolitan economy and the state, including its dictatorial Minister (Hasluck).

In 1954 Hasluck informed the Commonwealth Parliament that:

when the Territories were made the sole responsibility of one Minister, and the portfolio was entrusted to me, I attempted to survey the situation and, rightly or wrongly, came to the conclusion that the foundation of future progress and sound work in the Territory lay in the re-organisation of the Administration. By and large, the situation in Papua and New Guinea did not call for any striking revision in policy ... What it did call for was a fundamental re-organisation and a building up of strength and efficiency of the Administration, so that it could make that policy effective in action.⁸⁴

Hasluck did indeed put great weight on administrative "strength and efficiency", conceived in terms of the effectiveness of the state apparatus, or from the Minister's standpoint, the state personnel, in realising the concrete designs of the intent to develop. As he explained to Lambert in a memorandum on the 'Future Development of Territories':

we have to have a good administrative organisation both in the Territories and at Canberra, or we will have no hope of applying policy ... Throughout the rest of this financial year, we must do everything humanly possible to strengthen the organisation and to get better men and more of them into the Territories.⁸⁵

⁸⁴ *Commonwealth Debates*, 1 September 1954, p.849.

⁸⁵ Hasluck, *Future Development of Territories*, 11 December 1951: AA M1776/1 Vol.1

On Halligan, Hasluck recalls “that he seemed to recognise no great problem in Papua New Guinea and he looked at the future task as a restoration of the good things in the past”. Hasluck added: he “would not help me break new ground”.⁸⁶ On May 28 1951, Halligan was replaced as Secretary by Cecil Lambert, who, having previously worked under Coombs,⁸⁷ could have been expected to share the Minister’s constructivist views on state trusteeship. Lambert was to remain Secretary for the Department of Territories until 1964. Halligan however, was not the main casualty of Hasluck’s move to centralise the Administration. Having guided the Territory Administration through the initial stages of reform and re-definition, this honour fell on Murray.

Frustration with officials in Canberra, the belief that the Department of External Territories was opposed to Labor’s plans for Papua New Guinea and the election of the Menzies Government, resulted in Murray beginning to envisage the office of the Administrator in a somewhat different light. According to Jinks:

at the very top, Papua New Guinea needed a policy official and not just a manager. There were several reasons for Murray’s view: self-aggrandisement (not a major factor ...); the need to weaken Halligan’s influence ...; as a means of strengthening his hand against the conservative clique; and as a relief from the trivia that took so much of his time. Murray therefore proposed that he be appointed Lieutenant-Governor, with an Administrator and two Deputies ... to improve and decentralise management.⁸⁸

The defeat of the Chifley Labor Government in December 1949 added to Murray’s concern that the ‘new deal’ promised by Ward in 1945 would be further undermined. Hasluck was wrong therefore, in his assessment that Murray’s “argument for self-government, which meant government by himself and his staff” reflected an “obsession about his own rank and status”, or worse an attempt to re-capture a past colonial era.⁸⁹ The constitutional authority of the Minister over the Territory Administrator was clearly established. Given that Hasluck and Murray shared an equal contempt for proletarianisation, the conflict between them centred not on policy, but on the form of

⁸⁶ Hasluck, 1976, p.8.

⁸⁷ see Lunney, S. Interview with Colonel J.K Murray, January 14-18 1974: NLA, Canberra.

⁸⁸ Jinks, 1979, p.24.

⁸⁹ Hasluck, 1976, pp.50-58.

administration envisaged by both as the best means through which to secure indigenous development. Hasluck's constructivism, expressed in plans to centralise state power, required the dismissal of Murray. The Administrator's departure thus provides a critical insight into the type of developmental state desired by Hasluck and equally important, the motivation underpinning its centralised manifestation.

After twelve months of working with Murray, Hasluck maintained that he had reached the conclusion that the Administrator was "not only unskilled in the use of the tools of public administration and politics but did not know what some of these tools were".⁹⁰ Murray's appointment was terminated in May 1952.

The tendency to read into the Ward-Murray Administration a specific "Wardist Native Welfare Policy", as opposed to a more general shift in colonial practice, was not limited to the protagonists of post-war reform. Dated 14 November 1952, *The Anglican Friday* reported comments by Reverend Strong, that the "main criticism" of Murray was "that he has been too pro-native", and that he was "dismissed because of his policy of 'Papua for Papuans'".⁹¹ In September 1952, Ward entered into the debate and invoking a familiar theme, he informed the House that "the only support that the Minister could obtain [for the dismissal of Murray] was from the editor of the *Pacific Islands Monthly*, Mr. R.W. Robson, who is the mouthpiece of the vested interests of the Territory and the instrument of the great shipping companies that have stifled development in Papua and New Guinea and exploited its wealth in the past".⁹² Further suggesting that Hasluck intended to depart from the policy previously established by Labor and overseen by Murray, was Haylen who, in following Ward's theme, noted:

the company that the Minister keeps in Papua and New Guinea is an indication of the facts. The Robson publication, which is notorious throughout the South Pacific for its anti-native policy, boosts the Minister on every possible occasion and derides the former Administrator. Visiting journalists are caught up with a collection of public servants and the minority

⁹⁰ Hasluck, 1976, pp.50-51.

⁹¹ 'Native Co-operatives in New Guinea: Welfare Scheme Threatened', *The Anglican Friday*, 14 November 1952: AA A518/1 E849/1/4 Part.2.

⁹² *Commonwealth Debates*, 16 September 1952, p.1458.

group whose members want New Guinea for themselves and are not concerned about the natives.⁹³

The entry of Ward and Haylen into the debate was promoted by the publication of Murray's departing criticisms of Hasluck and the Department of Territories. In an interview with the editor of the *South Pacific Post*, later published in the Australian press, Murray spoke of being subjected to "a war of nerves" orchestrated by a Menzies Government determined to "remove him from office soon after gaining power". Referring to Cleland's political links with the Western Australian Liberal Party, Murray attacked Hasluck on the grounds that:

it appears that the Prime Minister and Mr. Hasluck believe that colonial administration is best provided for here by the appointment of a person more highly experienced in organising successful post-war political election campaigns ... I think it will be generally agreed that this is scarcely a suitable qualification.⁹⁴

The article went on to paraphrase Murray's concern that "with the present [Liberal] Government he considered the emphasis would move away from native welfare to natural resources". In practice however, there was little to distinguish between Murray and Hasluck when it came to state plans for advancing indigenous commodity production. However, as Jinks correctly points out, the publication of Murray's comments did provide Hasluck with "the perfect opportunity for reply, in which he made clear the real reason for the dismissal: not policy or ideology, but power".⁹⁵ In two articles for the *Sydney Morning Herald* on August 4 and 5 1952, the Minister outlined the constitutional position of the Administrator *vis-à-vis* the metropolitan state. In the first article, Hasluck argued:

the international obligations in respect to the Territory rest on the Commonwealth Parliament and Commonwealth Government ... The Commonwealth Parliament votes the public funds to be spent in the Territory. Responsibility and accountability for all functions of government inside the Territory are borne by the Commonwealth Government. The present

⁹³ *ibid.*, pp.1462-1463.

⁹⁴ Col. J.K. Murray Attacks Govt. 'Gross Impertinence by Minister', *The Age*, 11 July 1952: AA A1838/283 301/1.

⁹⁵ Jinks, 1979, p.29.

Government is not only conscious of its responsibility, it is determined to discharge it.⁹⁶

Hasluck continued that “although extensive delegations are made to him, an Administrator cannot assume the responsibility of the Government, nor can he be accountable to anyone except the Government”. The Minister concluded: “everything the Administration does in Papua and New Guinea is done on behalf of the Australian Government in pursuance of a policy laid down by the Government, by officers appointed by the Government, and with funds provided in a large part by the Australian taxpayer”.⁹⁷ The second article reaffirmed the agrarian doctrine and the continuation of Labor’s policy for expanded indigenous welfare, albeit within the framework articulated in the first article.⁹⁸ In this sense, the *Sydney Morning Herald* articles signalled not a departure from existing policy, but to use the words of Jinks, the “exact, unabashed, patronising account of the way in which Papua New Guinea was to be subordinated to Canberra’s wishes for the next twenty years”.⁹⁹ However, whilst the description by Jinks is an accurate one, it suggests little in way of motivation or more importantly, how Hasluck intended to structure this power with respect to the colonial intent to develop.

In a minute to Lambert dated 14 January 1952, Hasluck expressed the view that as he saw it “the problem is basically one of making the Territory Administration do what we expect it to do, to carry out government policy”.¹⁰⁰ Insofar as government policy came to articulate a coherent objective in development practice, it was according to the Minister, the desire “to see that the native social order is not changed too rapidly by the breaking up of the chief social unit - the village - or by destroying those elements that give coherence to native society”.¹⁰¹ That “the special concern of the Government” centred on the “risk of building up a ‘landless proletariat’” was given in the fact that “the displacement and dispossession of natives” was viewed as giving concrete expression to the dissolution of

⁹⁶ Hasluck, ‘New Guinea Presents Governmental Knot’, *Sydney Morning Herald*, 4 August 1952, p.2.

⁹⁷ *ibid.*

⁹⁸ Hasluck, ‘Native Welfare is a Big N. Guinea Task’, *Sydney Morning Herald*, 5 August 1952, p.2.

⁹⁹ Jinks, 1975, p.693.

¹⁰⁰ Hasluck to Lambert, 14 January 1952: AA A518/1 A1927/2.

¹⁰¹ Hasluck, Native Labour Policy, 23 April 1954: AA M1776/1 Vol.9.

indigenous 'community', or the perceived conditions for agrarian (village) reproduction.¹⁰² In this sense, the centralisation of development practice suggested above, refers to the ordered application of the agrarian intent to develop *vis-à-vis* the various regulatory forms of state - the Labour Department, the Land Development Board, the Native Loans Board, District Services, Agricultural Extension and so on. However, defined in isolation from this "special of the Government", Hasluck's attraction to a centralised form of administration is typically reduced to a simple description of how the Territory Administration was subordinated to Canberra: "it is obvious", Jinks writes, "that Australia developed a most hierarchical, centralised, authoritarian, unimaginative colonial bureaucracy; and that a good deal of this developed ... from Hasluck's obsession with control and 'public administration'".¹⁰³ The argument presented here suggests that the centralisation of administrative power cannot be considered apart from the agrarian intent informing it.

As already noted, Hasluck admitted to being "revolted" at the "habits and outlook of colonialism", which he saw as constituting the social fabric of the European 'community' in the Territory. In 1952, he conceded that "one reason why I sometimes feel doubtful about the outcome of our task is that I doubt whether in the whole of the administrative, commercial and productive community in Papua and New Guinea there are more than half a dozen individuals who could be called civilised in the full sense of the term".¹⁰⁴ Put simply, Hasluck's contempt for the social and intellectual environment he saw as permeating the Territory, his "apparently ... poor opinion of the quality of Territorians",¹⁰⁵ meant he did not trust core sections of his administrative staff, including the Administrator, when it came to grasping the agrarian idealism underpinning government policy. For example, in October 1955, the "cardinal point" of government policy was stated as the advancement of "native agriculture ... in order to improve and vary the basic food supplies of the country and, more generally, to open the way towards the economic development of the native peoples". Whilst not overly complicated, Hasluck confessed to "an uneasy feeling that, while the Administration is now doing more to carry out this policy, it still

¹⁰² *ibid.*

¹⁰³ Jinks, 1979, p.30.

¹⁰⁴ Hasluck, 1976, p.73.

¹⁰⁵ Sinclair, 1979, p.52.

does not fully grasp the ideas behind the policy".¹⁰⁶ Naturally, the Administration's perceived failure to grasp the agrarian bias underlying the Minister's programme came to a head in relation to the forms of state intervention constructed with the explicit intent of regulating indigenous land and labour.¹⁰⁷

Any expressed departure from Hasluck's views regarding the social limits to 'progress', in particular arguments for changes to policy which failed to recognise the structuring of state practice against the immanent processes of capitalist development, were routinely dismissed as unacceptable. On the question of labour for example, both the Administration and the Department of Territories are criticised in *A Time for Building* for being "on the wrong track".¹⁰⁸ In June 1953, a report on 'Native Labour' prepared by the Director of District Services and Native Affairs J.H. Jones, dealing "mostly with the particular problems of how best to hold native labour to the job", was criticised by Hasluck for failing to appreciate that labour policy was not to be formulated in "the interests of industry".¹⁰⁹ For the Minister, questions concerning the merits or defects of the existing legislation were subordinate to questions relating to "the situation in the Territory today and the prospective situation in the future", in particular: "a) What are the desirable social results we want to bring about?; b) What are the undesirable social results we wish to avoid?; c) What factors will help the good results and what will bring about the bad results?; and d) What is the present-day situation to which labour laws will be applied?"¹¹⁰ In a memorandum dated 2 March 1955, Hasluck spelt out his own position along classic Fabian lines:

the village is ... regarded as the main centre of native social organisation and as a point of stability in a time of social change. It affords the best setting in which social, economic and political advancement can take place. Therefore the preservation of the village and the continued attachment of natives to their villages are regarded as so important that native labour policy should serve those ends.¹¹¹

¹⁰⁶ Hasluck to Lambert, 31 October 1955: AA M331/1 71.

¹⁰⁷ see Hasluck, 1976, pp. 131-133; 156-160; 228-230; 233-235; and 335-337.

¹⁰⁸ *ibid.*, p. 158.

¹⁰⁹ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

¹¹⁰ Hasluck, 1976, p.160.

¹¹¹ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

Government policy therefore, was explicit: indigenous welfare was seen as “best served by measures that maintained village life and the attachment of the native to his land”.¹¹² Hasluck’s belief that the developmental intent underpinning his elaboration of labour policy was at variance with “some” of his senior officers resurfaced again in 1956. Prior to the drafting of an amended Native Labour Ordinance, the New Guinea Planters Association appealed directly to Prime Minister Menzies for a relaxation in the terms and conditions for the employment of casual, or ‘free’ labour. Quoting “relevant extracts” from an earlier statement by Hasluck, Cleland supported the planters by advocating “a gradual breaking-down of the agreement system so the native, as an individual [*read* ‘free’ worker], will be advanced toward a higher standard of living and a better appreciation of his personal responsibilities”.¹¹³ Of the Minister’s statements quoted by the Administrator, a notable admission was the directive to use labour policy as a means of “control[ling] ... the nature and the rate of social change among the native people”. Explicitly constructivist in its intent, Hasluck’s response to Cleland’s admission was emphatic: “the ignoring of this point reveals not only [an] inability to understand the policy the Government has laid down, but also a most disturbing gap in the Administrator’s understanding of the problem he is discussing”.¹¹⁴ Hasluck expanded:

careful measures have been taken against the displacement and dispossession of the natives. During my own term of office, reminders of the fundamental importance of these considerations have been given by me on several occasions whenever the subjects of land policy and casual labour have been under notice. The special concern of the Government over the risk of building up a ‘landless proletariat’, and the congregation of ‘foreign’ natives on the outskirts of the larger towns, has been made clear on several occasions ... Yet now I am faced with the amazing proposition that native employment, which is one of the chief factors in producing these risks, can be regulated without close regard to those social factors and that the social consequences of employment are not relevant.¹¹⁵

To approach the question of causal labour from the standpoint of supply, or in this case, the disruption to it caused by the “desertion” of labour engaged under contract, indicated to Hasluck, “a pre-occupation with only one out of the four or five considerations that

¹¹² *ibid.*

¹¹³ cited in Hasluck, *Native Labour Policy*, 23 April 1954: AA M1776/1 Vol.9.

¹¹⁴ *ibid.*

¹¹⁵ *ibid.*

have to be kept clearly in mind, and nowhere in the argument is there a glimmering of understanding of the relationship between the regulation of native employment and the overall objectives of the Government's policy in the Territory"- i.e. the fixing of indigenous labour effort in land.¹¹⁶

As a regulatory apparatus of state, labour legislation was, of course, an instrument of intentional development: it was employed as a means of locking up the indigenous population in the countryside. Other forms included the policies and institutions relating to land and agriculture. That Hasluck defended these with equal force was thus predictable. For example, on land policy he confessed to being suspicious of the pattern of expatriate settlement in the Highlands as a result of a "certain glibness in talk about economic development".¹¹⁷ As discussed in section 5.4, government policy, as stated by the Minister, sought to tie expatriate capital to state plans for household commodity production. However, in threatening to advance rather than check indigenous landlessness, Hasluck's response in halting European settlement mirrored his criticisms of the Administration's approach to the labour question.

Jinks was correct in his suggestion that for Hasluck control was paramount.¹¹⁸ He fails however, to grasp the 'prescriptive paradigm' through which control and state power came to be exercised. Hasluck's deeply entrenched opposition to proletarianisation and its expression in terms of a centralised approach to development planning, cannot be overstated. To take one example, namely the 1960 Senior Officers Course (held at ASOPA), the Minister not only determined the content of the course, but also the subjects listed by him as demanding attention all related to the emergence of a relative surplus population, detached from the land and 'settled' in urban designated areas. Hasluck instructed the Officers to consider:

1. Social problems arising with the establishment and growth of towns in the Territory.
2. Economic problems arising with the establishment and growth of towns in the Territory.

¹¹⁶ *ibid.*

¹¹⁷ Hasluck, 1976, p.120.

¹¹⁸ Jinks, 1979, p.30.

3. Political problems arising from and connected with the establishment and growth of towns in the Territory.
4. Town planning, public works and housing problems in towns.¹¹⁹

Concerning the second side of the problem of centralisation - i.e. the structuring of the agrarian doctrine *vis-à-vis* the various forms of state - the Minister rarely acted on any particular subject without first obtaining advice in the form of external and/or internal reports. Given, to use the words of Downs, that the “recommendations in these reports usually reflected Hasluck’s own policy and were used in support of a particular course of action”,¹²⁰ they act as important windows into the intended structuring of colonial state practice, as diffused from the Minister to the Territory Administration. In 1953, Hasluck authorised O.H.K. Spate (Professor of Geography), C.S. Belshaw (Research Fellow in Anthropology) and T.W. Swan (Professor of Economics) of the Australian National University to report on *Some of the Problems of Development in New Guinea*. The report, according to Hasluck, exists as “a basic document in any study of the post-war economic policy in Papua and New Guinea”, in that, it provided “much reinforcement” of the Minister’s “own thinking, and confirmation of ... [his] own judgements on the existing difficulties and dangers in the Territory”.¹²¹

Quoting Blamey’s advice that the “Government must be prepared to spend large sums of money in the Territory without the prospect of any comparable economic return”, the report listed two alternative forms of development: “(1) an approach which is ... geared to the rate at which the natives themselves can be made prime agents of production and (2) direct European development of primary industry”. The latter was recognised as “the way of the older colonialism” and therefore allowing “less hope for the future than the native-oriented alternative”.¹²² It followed that “a policy of development leaning heavily on the native as an actual producer ... is the residual solution”. Indeed, no other solution was envisaged. Invoking the enigma of Kenya, the authors’ argued: “attempts to put the break

¹¹⁹ Hasluck, Australian School of Pacific Administration. Senior Officers’ Course 1960, undated: AA M1776/1 Vol.18.

¹²⁰ Downs, 1980, p.97.

¹²¹ Hasluck, 1976, p.141; Writing later, and quoting Hasluck’s statement that “the pace of development is necessarily related to the pace of native progress toward civilisation”, Spate maintained that “the central thrust of our Report was in complete accordance with this statement”; see Spate, 1991, p.97.

¹²² Spate, Belshaw and Swan, 1953, pp.2,57.

on native development would more likely lead straight to a new Kenya or South Africa; and, leaving morals aside, this is economically dubious, if not monstrous".¹²³ In contrast, the report listed its central thesis as proposing that:

a prosperous New Guinea economy can only be built on the foundations of native society, and that this is not only socially the most desirable trend but economically the most feasible. Plans for a vast or rapid development of European enterprise, except in a few limited fields (such as oil and timber) can only issue in frustration and will serve neither native interests nor the commercial and political interests of Australia. In terms of immediate Government action, the Territory's major needs are more roads; a strengthening of the Administration's agricultural work and other developmental services, particularly in the direction of promoting native agriculture.¹²⁴

In justifying this conclusion, the report's authors' appealed directly to Hasluck's distaste for proletarianisation. On 'Urban Development and its Problems', the report noted that "the source of the difficulty is that wages are not paid which can support a man and his family at a reasonable level of living when the family is divorced from supplementary agricultural pursuits".¹²⁵ In the case of rural expansion, and reinforcing the ideas implicit in the policy of uniform development, the same emphasis on maintaining labour's attachment to the land meant that "native economic development must be undertaken always with the view that specific social evils may emerge and may require counter-action". Social forms listed as corruptions to the idea of indigenous 'community' and hence, of the agrarian intent to develop, included "an unproductive rentier group", an "oriental-style landlordism", a "habit of credit and usury" and "community leaders becoming local bosses".¹²⁶ In short, the "native demagogues", whose emergence Hasluck's policy of uniform development sought to check.

Whilst noting that "we are unlikely ever to see a 'pure' native or a 'pure' plantation economy", the latter was to be substantially reformed in light of the report's recommendations:

¹²³ *ibid.*, pp.58,59.

¹²⁴ *ibid.*, p.63.

¹²⁵ *ibid.*, p.34.

¹²⁶ *ibid.*, p.39.

the deployment of capital directly by European agricultural settlers must be on the scale commensurate with the available land and labour ... Such a realistic appraisal of possibilities need not spell defeatism. As the Minister has said, development depends on the quality as well as the numbers of settlers; and in the view of the writers of this report quality is much more important than numbers.¹²⁷

Essentially the role of European settlers was to be restricted to that of “co-ordinating entrepreneurs” within the parameters of a policy of “native agricultural development”.¹²⁸ Hasluck’s attraction to centralised state power effectively negated the spontaneous expansion of expatriate largeholdings. Exemplifying this negation was the creation of the Land Development Board in 1954 as a response to the immanent processes of capitalist development in the New Guinea Highlands. What follows is a discussion of the events that led to the establishment of the Board as an administrative expression of the prominence given to management within the late-colonial state.

5.4

Hasluck and Rural Capitalism

Hasluck’s period as Minister for Territories is generally depicted as marking a return to the “rampant white capitalism” of the pre-war era.¹²⁹ In particular, rapid European settlement of the New Guinea Highlands after 1950 is held up as exemplifying what is essentially viewed as an “anachronistic attempt to get capital invested in the middle of the twentieth century, in accordance with principles more applicable to its first two or three decades”.¹³⁰ Hasluck’s relationship with capital, both settler and ‘foreign’, was a complex one. In relation to expatriate settlement, an early statement on ‘Agricultural Expansion in New Guinea’, expressed government policy along the lines of:

¹²⁷ *ibid.*, pp.57,22.

¹²⁸ *ibid.*, p.23.

¹²⁹ see Jinks, 1975, p. 494; see also Howlett, 1969, pp.192-193; Rowley, 1965, pp.119-121; and Downs, 1980, pp.42-43.

¹³⁰ Rowley, 1965, p.121.

the Government wants these agricultural and forests products grown in the Territory. But the Government itself cannot grow them. It looks to private enterprise, with all its special skills, to do this work - to provide the capital and finance to establish new plantations, and to grow and sell the crops. I ask individual planter and plantation companies already in the Territory to invest new capital and to re-invest their profits in extending their existing plantations or in planting up new ones; and individuals and companies in Australia and overseas to bring their capital and skill to New Guinea to play a part in this development.¹³¹

Whilst Australian and British private capital investment encountered conflicting signals as to their role in the process of development - once causing Hasluck to admit that government policy was “not fully understood by planters and other representatives of private enterprise in the territory”¹³² - the Administration’s position on ‘foreign capital’ investment was clear. In a Cabinet submission on ‘Restrictions on Share Holdings in Companies’, Hasluck stated that following discussions with the Prime Minister in January 1952,¹³³ he “gave ministerial directions to the effect that there was grounds for maintaining some measure of discrimination against foreign companies to lesson the risk to security and to internal order and stability”. On the reasons for restrictions, he expanded:

the thought behind this discouragement of ‘foreign’ companies is that the attainment of our policies of advancing native welfare of the people of the Territory may be assisted if industry and commerce are in the hands of people who will not only conform to the law but may be expected to feel some identity with the aims and policies of the Australian Government. All foreign investment should not be rejected but it would be preferable to avoid a situation in which a foreign company dominated a section of the economic life of the Territory, influenced the direction of its trade, and made company policy in the Territory subordinate to the interests of the company in other lands.¹³⁴

¹³¹ Hasluck, Draft Statement by the Minister on Agricultural Extension in New Guinea, 4 March 1952: AA A518/1 B927/2.

¹³² Hasluck, Papua and New Guinea: Notes of Policy Development, 9 May 1952: AA A1838/1 302/4/2.

¹³³ see Hasluck, Notes Used by Minister in Discussion with Prime Minister, 11 January 1952: M1776/1 Vol.1.

¹³⁴ Hasluck, Restrictions on Share Holdings in Companies, 16 November 1960: AA A1838/2 846/2 Part.1.

However, the charge most recently advanced by Connell, that “Papua New Guinea was one of the last places in the world where white settler colonialism was advocated as policy”,¹³⁵ relates at least during Hasluck’s time as Minister, not to large-scale direct foreign investment, but rather to expatriate plantation development. The following section seeks to re-evaluate this generally accepted account of post-war colonial history in light of the Minister’s distaste for forms of development which “called for the transference of labour”.

In the debate on the 1954-55 budget estimates, Labor M.P Arthur Calwell, stated that “if we are to have development [for the Northern Territory, Australia] we must expend not £5,000,000, but £40,000,000, and even £50,000,000”.¹³⁶ In response, Hasluck criticised Calwell for his “socialist faith” and the belief that development “is to be procured by governmental schemes”. He added: “we have the lesson of sorghum in Queensland and peanuts in East Africa to point the rather dismal way to failure along these lines”.¹³⁷ The Minister’s reference to groundnuts in East Africa, referred to the spectacular failure of the British Labour Government to circumvent private capital investment in large-scale commercial agriculture in Africa through the Overseas Food Corporation and the Colonial Development Corporation.¹³⁸ However, in his criticism of Calwell, Hasluck’s recourse to standard anti-socialist stereotypes, belied the fact that in 1951 he had prepared a submission for Cabinet which sought the establishment of a fund specifically for the commercial (state) development “of foodstuffs and raw materials” required by Australia.¹³⁹ According to him, government expenditure related to three distinct fields: 1) “welfare measures and the social advancement of the native peoples”; 2) “administrative services”; and 3) “material development of the resources of the Territories”. Expenditure for the first two was to be secured through the Federal budget, whilst for the third, Hasluck continued:

we have to do something imaginative for the general development of the Territories with the hope that, if these measures succeed, the Territories will be able sustain a greater share of social expenditure as well as adding to

¹³⁵ Connell, 1997, p.6.

¹³⁶ *Commonwealth Debates*, 22 September 1954, p.1506.

¹³⁷ *ibid.*, p.1518.

¹³⁸ see Cowen, 1984, pp.63-75.

¹³⁹ Hasluck, *Future Development of Territories*, 11 December 1951: AA M1776/1 Vol.1.

natural supplies of foodstuffs and raw materials. For the next ten years at least, expenditure on development will have to be large.¹⁴⁰

Hasluck proposed the establishment of “a Territories Development Fund of £100,000,000 to become available at the rate of £20,000,000 a year over five years”. Applications for advances under the fund were to be examined “by a Ministerial committee composed of ... Territories, Treasury and National Development [officials]”, and would have included:

proposals for the provision of power, transport facilities, water supplies, and other projects customarily attempted as loan works; soil conservation, agricultural development, surveys of soil resources, forest development, experimental farms, research directly related to development projects, introduction of stock, plant for processing products, drainage, storage and so on. These items give the general pattern ... I think it might properly be a charge on the fund to take protective or other measures for the native inhabitants whose fate is directly involved in a development scheme.¹⁴¹

Trusteeship in economic development, presupposes the intent by the state to develop the productive capacities of the ‘community’ it governs.¹⁴² The establishment of a development fund by circumventing, or at least substituting in part, private capital investment, was proposed as a means of extending the regulatory capacity of the colonial state into the economic domain. From the above, it is apparent that the aim of the fund was to assemble international money capital for the development of agriculture, subject to direct state supervision. Unfortunately for Hasluck, the Liberal Cabinet not surprisingly rejected his plan. It remains important however, in that the ‘pioneering’ role envisaged for the fund, in presupposing the necessity of European skill and capital, shifted on to the settler. It follows that the Administration’s role as trustee was, as mentioned, to secure the attachment of expatriate settlement to state plans for expanded household production.

The claim that the 1950s marked a return to a Chamberlainite doctrine of “developing the Imperial estates”, is situated against the rapid extension of European settlement of the New Guinea Highlands after 1952. For the period 1948 to 1951, the inclusion of the

¹⁴⁰ *ibid.*

¹⁴¹ *ibid.* It should be pointed out that the fund of £100,000,000 was not solely for Papua New Guinea development, but was also for the Northern Territory, Norfolk Island and Nauru.

¹⁴² Cowen and Shenton, 1996, p.x.

Highlands under the *Restricted Areas Ordinance 1950* meant that only six agricultural leases totalling 350 acres, were granted in the Goroka valley (Eastern Highlands).¹⁴³ In May 1952, the Territory Executive Council publicly opened the Highlands to applications for agricultural leases. Two months later, commercial coffee pioneer James Leahy, harvested his first crop of arabica coffee which, to use the words of Ben Finney, “he sold in Australia for seventy-three cents a pound (almost twice the 1968 price)”.¹⁴⁴ Fuelled by Leahy’s success, the second wave of European settlement between 1952 and 1954 saw the total area of alienated land in the Eastern Highlands increase to 3,550 acres,¹⁴⁵ plus the additional settlement of eighteen Australians in the Wahgi Valley, east of Mount Hagen.¹⁴⁶ In 1952, Downs, then the Acting Assistant Director of the Department of District Services and Native Affairs, described Goroka as “already a township” and with “an atmosphere [that] is about as feverish as that of the pre-war gold-finding days”. The difference, he added, was that the catalyst of coffee found expression not in “a gold rush but a land rush”.¹⁴⁷ By 1959, a total of 166 Highland agricultural leases had been secured by Australian settlers for the purpose of coffee production.¹⁴⁸

The autocratic office of District Commissioner, although established with the aim of directing all district activities through a “chief executive” responsible for government policy in relation to indigenous welfare,¹⁴⁹ created space for a haphazard, highly personalised, approach to expatriate settlement.¹⁵⁰ Exemplifying this personalised approach was Eastern Highlands District Commissioner, Ian Downs (1952-1956). As Hasluck saw it:

What was happening was that the perspective coffee grower went up to the highlands to get some land. Sometimes he spotted the bit he wanted and had

¹⁴³ Timms, 1996, p.109, Finney, 1973, p.45 and Howlett, 1962, p.222.

¹⁴⁴ Finney, 1973, p.45.

¹⁴⁵ Timms, 1996, p.107.

¹⁴⁶ Downs, 1980, p.179.

¹⁴⁷ cited in Finney, 1973, p.45.

¹⁴⁸ Timms, 1996, p.108.

¹⁴⁹ The Organisation of Administration in Papua-New Guinea with Special Reference to the Powers, Functions and Responsibilities of District Officers in Relation to the Various Technical Officers Posted to District Staff, 2 September 1946: ANU Stanner Papers on Papua New Guinea 1946-1960.

¹⁵⁰ Lands Policy in Papua and New Guinea. Statement by the Minister for Territories, 21 October 1954: PNGNA a.82 b.138 f.31-1-5.

an informal talk with the villagers, offering allurements, and then went and told the District Commissioner that he had found some land the natives were willing to sell ... Strictly in conformity with policy, no acquisitions were to be made in disregard of the present and prospective land needs of the native people themselves, but in fact we were back in the days of 'Have a yarn with the District Commissioner and he will fix you up'. In practice the District Commissioner, with the best intentions and with an undoubted idea of bringing benefits to the native population, had become a promoter of settlement.¹⁵¹

In a memorandum to Lambert dated 11 March 1954, Hasluck stated that "our objective regarding the methods of land grants is to establish an orderly and just system and to end the possibility of land-grabbing or undue favouritism, as well as loss of control over land policy which might be the consequence if the old methods continued to be followed".¹⁵² Loss of control over the granting of agricultural leases threatened not only the ideal of attaching expatriate settlement to state plans for expanding indigenous commodity production, but also the very basis on which these plans were established: the insertion of labour into the capital-labour relation through the development of household commodity production. Exemplifying this tension was the contested enigma of Kenya.

The 1938-1939 Hagen-Sepik patrol, led by J.L. Taylor, reported that the prospects for future European settlement in the area from the Markham River to Mount Hagen and including Bena Bena in the Eastern Highlands, were promising. Taylor's patrol report included a recommendation that the Administration "adopt the policy of the Government of Kenya and reserve the highlands of New Guinea for Europeans where climate conditions are temperate and suitable for the European manner of living".¹⁵³ The enigma of the White Highlands was enthusiastically endorsed by the *Pacific Islands Monthly*, which asserted that "these healthy uplands will absorb many European settlers who could make a second Kenya in Central New Guinea, and at the same time assist the native to a higher state of civilisation".¹⁵⁴ For an Administration supposedly ignorant of colonial administration and models, it is ironic that fourteen years after Taylor's patrol, the possibility of reproducing

¹⁵¹ Hasluck, 1976, p.121.

¹⁵² Hasluck to Lambert, 11 March 1954: AA M1776/1 Vol.5.

¹⁵³ The Hagen - Sepik Patrol, 1938-1939. In Jinks, Biskup and Nelson (ed.). (1973) *Readings in New Guinea History*. Sydney: Angus and Robertson, p.275.

¹⁵⁴ "'A Second Kenya' in Central New Guinea", *Pacific Islands Monthly*, 1939, Vol.10, No.1, p.19.

a “Kenya situation” prompted a conscious strategy for reasserting government control not only over the land settlement process, but also the intent informing it.

Following the lifting of restrictions on Australian settlement in the Highlands, critical comments regarding land alienation began to appear in *South Pacific* and the Australian press. Articles by McAuley and Highlands anthropologist K.E. Read, sought to counter the untempered enthusiasm that large tracts of surplus land existed in the Highlands, which were suitable for European plantation development. According to Read:

it is extremely difficult to convince people who have once made up their mind to the contrary that unlimited land does not exist ... The fact of the matter is that though the average native group has sufficient land, it is not over-supplied.¹⁵⁵

In an article for the *Sydney Morning Herald* on the ‘Risks in New Guinea Settlement Scheme’, Read spoke critically of what he saw as the prevailing view that “if the highlands are ever to become an economic asset to Australia ... it must be through an extension of the European plantation system”. Suggestions that this could be achieved through the creation of “native reservations”, or by “moving sections of the population away from the main white centres to less densely peopled areas”, were discredited on the grounds that the:

social and political problems which seem inevitably to follow in the wake of extensive white settlement far outweigh its short-term advantages. This can be seen in parts of British Africa. Moreover, it is by no means established that the natives have more land than they require, and it is impossible to forecast their future needs.¹⁵⁶

McAuley’s article for *South Pacific*, ‘White Settlement in Papua and New Guinea’, in endorsing Read’s arguments, concluded that “the truth is that white settlement in tropical countries, now as in the past, is possible only by disregarding the risk of injuring native interests, a risk that is not calculable and has very often turned out badly”.¹⁵⁷

¹⁵⁵ Read, 1951, p.204; see also, 1952, pp.440-449.

¹⁵⁶ Read, ‘Risks in New Guinea Settlement Scheme’, *Sydney Morning Herald*, 28 August 1952: AA A1838/1 302/4/2.

¹⁵⁷ McAuley, 1952, p.253.

By 1954 the prospects of extensive European land alienation in the Eastern Highlands and the Mount Hagen and Minj Sub-Districts of the Western Highlands, were more than just a possibility. However, coinciding with the Mau Mau revolt in October 1952, the prospects of “a second Kenya in Central New Guinea” acquired an altogether different meaning than it had following Taylor’s pre-war Hagen-Sepik patrol. Geographer O.H.K. Spate, warned that “forced European development”, whilst being “shorter and straighter than the long and arduous way of guiding native development”, would “lead straight to ‘a second Kenya’ - the Kenya we have to-day”¹⁵⁸. Missionary, Reverend A. Clint, claimed that “Mau Mau type terror might soon break out in New Guinea and Papua” as a result of the “minor, paltry methods of the whites and exploitation of the native Papuans [which] had reached such a pitch that Australia might find terror striking to the north of her shores”¹⁵⁹. At a political level, the New Guinea Sub-Committee of the Australian Labor Party, warned that “it is not that the land question in Papua New Guinea is dangerous yet, but that for a number of reasons very many natives are unhappy about the present conditions of their lives and the prospects of their future; and, observing this with the gross conditions in Kenya in mind, responsible people have been warning us that the present style of ‘development’ could be disastrous”.¹⁶⁰

C.D. Rowley suggests that McAuley’s, ‘White Settlement in Papua and New Guinea’, “caused a real stir in the Department of Territories” by “pointing out the dangers of extending the plantation system”.¹⁶¹ Hasluck agreed. In a memorandum to Lambert dated 1 May 1952, he concurred that whilst personally he was “not worried in the least by Mr. McAuley’s article”, it would “probably do good if it makes our officers aware that the application of our policy of land settlement is surrounded with many other considerations besides the promotion of production”.¹⁶² Indeed, the implicit contradiction in the Fabian category of trusteeship, which saw McAuley condemn the plantation system but at the same time suggest that “attention should be directed towards working out arrangements

¹⁵⁸ ‘Warning of a ‘Second Kenya’’, *Sydney Morning Herald*, 20 January 1954, p.8.

¹⁵⁹ ‘Clergyman Fears Terror in N.G’, *Sydney Morning Herald*, 29 January 1954, p.2.

¹⁶⁰ ‘Land Buying in New Guinea - Viewpoint of Labor Party’, *Sydney Morning Herald*, 12 February 1954, p.2.

¹⁶¹ Rowley, 1978, p.121.

¹⁶² Hasluck to Lambert, 1 May 1952: AA M1776/1 Vol.1.

whereby the advantages of European capital and managerial skill might be joined with the working capacity of native families”,¹⁶³ was precisely the same contradiction (or condition of subsumption) that the Minister was seeking to reconcile. However, this point notwithstanding, Hasluck’s personal account of events makes no mention of the views expressed by Read or McAuley, nor the public debate on a “second Kenya”. Rather, his actions are accounted for in terms of a personal or “real awakening”, resulting from the practical realities of the “rapid growth of European settlement in the highlands”.¹⁶⁴ On McAuley’s paper, Hasluck asserted that “it does not alter our policy one jot, but shows that the policy has to be carried out very carefully”.¹⁶⁵ The origins of the Minister’s actions are more likely to lie in his distrust of ‘progress’ and his desire to check the immanent, as a process unfolding outside the regulatory capacity of the colonial state.

As mentioned in Chapter Four, shifts in post-war political and economic conditions were such that the Territory’s economy, and the prospects for both indigenous and expatriate production within it, were radically transformed. For Hasluck, a commitment to trusteeship, its accompanying diffusionist ideology and a desire to check indigenous landlessness, found expression in the policy of tying Australian settlement to state plans for expanded indigenous commodity production. In October 1954, a Ministerial statement on ‘Land Policy in Papua and New Guinea’ stated that “the pace of development is necessarily related to the pace of native progress towards civilisation”.¹⁶⁶ Land and labour policy was thus the primary means through which the state could control development and, in particular, the processes of capitalist development which give rise to landlessness.¹⁶⁷ As Hasluck explained: “the administration of lands is the chief means by which this balance can be preserved, and it will consciously be used for this purpose, either to speed up or slow down development to keep it in close relationship with the changes taking place among the native peoples”.¹⁶⁸

¹⁶³ McAuley, 1952, p.250.

¹⁶⁴ Hasluck, 1976, p.121.

¹⁶⁵ Hasluck to Lambert, 1 May 1952: AA M1776/1 Vol.1.

¹⁶⁶ Hasluck, Land Policy in Papua and New Guinea, 21 October 1954: PNGNA a.82 b.138 f.31-1-5.

¹⁶⁷ For similarities with West African policy, see Phillips, 1989, pp.50-60.

¹⁶⁸ Hasluck, Land Policy in Papua and New Guinea, 21 October 1954: PNGNA a.82 b.138 f.31-1-5.

In January 1952, Hasluck admitted to “pushing on with land settlement for commercial agriculture”, but that it was “fundamental in our policy that equal or even greater efforts are being made by us in the improvement of village agriculture”.¹⁶⁹ The push however, was to be a short one. In October 1953 Cleland, under orders from the Minister, called a halt to all new land sales and in 1954, a new policy of land administration was announced. Hasluck’s primary concern was to regulate accumulation in large-scale agriculture by centralising the administration of land and expatriate settlement in an institution (the Land Development Board) more easily subordinated to government policy. As Hasluck explained to Lambert:

our objective regarding the methods of land grants is to establish an orderly and just system and to end the possibility of land-grabbing or undue favouritism, as well as loss of control over land policy which might be the consequence if the old methods continued to be followed. I repeat what I have said on previous occasions, that it is the Government and not the land-seeker which should be master of the granting of land in Papua and New Guinea. Unless our procedures and methods make this routine we would lose control over the carrying out of established policy in regard to land.¹⁷⁰

The Minister’s preference for regulatory controls found expression in the creation of the Land Development Board and the centralisation of land administration within it. The Board’s guidelines for granting agricultural leases were summarised by Hasluck as follows:

1. The further acquisition of land from the natives should be supervised by the Lands Department, acting in consultation with the Departments of District Services, Health, Agriculture and Forests regarding present and prospective native needs and the best economic use of any land acquired.
2. Land held or acquired by the Administration should be examined by the Lands Department, in consultation with other Departments concerned, to determine the best use to be made of it and a land use plan prepared.
3. Land available for disposition in accordance with a land use plan should be advertised as open to application and applications should be considered by a Land Board.¹⁷¹

¹⁶⁹ Hasluck to Lambert, 15 January 1952: AA A518/1 A1927/2.

¹⁷⁰ Hasluck to Lambert, 11 March 1954: AA M1776/1 Vol.5.

¹⁷¹ *ibid.*

Expatriate producers were to be used for extending the land frontier and as models of development.¹⁷² According to Hasluck, this two-sided re-definition, was necessary in light of the Territory's demographic realities and the state's commitment to the provision of indigenous welfare:

we accept the fact that the European immigrant will always be a minority and ... we accept limitations, in the interests of the indigenous people, on what the European may do and how he does it. The presence of the European settler is recognised as being valuable both for development of the resources of the country and for the tutelage of the indigenous people, but it is not envisaged either that the Europeans will ever rival in numbers the indigenous people or that the Europeans should set themselves up as colonists in colonial areas 'for Europeans only'.¹⁷³

The second wave of European settlement in the Highlands (1952-1954), by threatening the essential pre-condition for the agrarian doctrine of development (land), necessarily challenged the ideological framework through which the state sought to reconcile expanded commodity production with the provision of indigenous welfare, not to mention the space created for expatriate accumulation within it. The establishment of the Land Development Board meant that not only could the pace of expatriate settlement be controlled, but also the size and location of agricultural holdings and the most suitable crop to be grown on any single lease, were subject to administrative scrutiny. Moreover, to use the words of Timms, the Board "made such decisions in conjunction with its responsibility for co-ordinating opportunities for indigenous agriculture".¹⁷⁴ For example, prompted by the emergence of global coffee surpluses in 1959, and the subsequent concern that unrestrained plantings threatened the viability of smallholder coffee production, the Land Development Board refused requests for largeholding coffee leases. In justifying the restrictions, Cleland noted that whilst increased Australian coffee consumption would "probably grow to meet the needs of our increasing native production", it could not expand "fast enough to absorb production of any new European settlers entering the industry". He continued:

¹⁷² see Timms, 1996, pp.79-81.

¹⁷³ Hasluck, Australian Policy in Papua and New Guinea, 1956: PNGNA a.12 b.16.664 f.9-1-1 Part.2.

¹⁷⁴ Timms, 1996, p.113.

one economic European area will produce more than 50 tons of coffee - a tonnage equivalent to the production of 100 to 150 fair-sized native growers. Increased European participation in the industry could seriously impact the development of native cash cropping in the Highlands.¹⁷⁵

Having been perceived by the Administration to have exhausted their role as 'pioneers' in the coffee industry, settler interests were to be further subordinated to state plans for ensuring a market for smallholder coffee. As Gunther made clear in a letter to Downs, "the particular interest of the Government in finding a solution to the short-term problem lies in its duty to ensure that the native crop is sold, not just at an economic price to native producers, but at the best possible price". As to the settlers, Gunther added: "I would refer to our Minister's policy which he has made quite clear; crops are the property of the people who produce them, and the selling is their responsibility".¹⁷⁶

For the period 1954 to 1964, the tighter controls on land alienation restricted the number of agricultural leases for the entire Territory to 178.¹⁷⁷ As to be expected, Hasluck's intervention in land policy was not without its critics. From within the Administration, Downs declared his opposition to the Administration's prohibition on individual applications for agricultural land on the grounds that it was "(a) not necessary, (b) anti-progressive [and] (c) puzzling to both Europeans and natives".¹⁷⁸ In an earlier expression of his opposition, Downs in apparently misunderstanding the agrarian intent informing land policy, expressed concern over the removal of the right of indigenous land owners to initiate disposal:

I never imagined a new policy involving a virtual destruction of the foundation on which our only continuous prestige is based. I suggest the 'New Policy' says: 'You cannot sell land through us but we can acquire land from you and sell it to anyone we like.'¹⁷⁹

¹⁷⁵ Cleland to Lambert, 15 March 1963: PNGNA a.1054 s.z b.18.509 f.z.12-1-51

¹⁷⁶ Gunther to Downs, 6 February 1959: Downs I.F.G, Highlands Farmers and Settler Association Papers 1956-1968, PMB (ANU) No.609.

¹⁷⁷ Timms, 1996, p.109.

¹⁷⁸ Downs, Purchase of Native Owned Land, 24 June 1954: PNGNA a.247 b.283 f.28-2-88.

¹⁷⁹ Downs, Land Policy, 3 June 1954: PNGNA a.247 b.283 f.28-2-88.

Ironically, just as Hasluck invoked the image of preventing a “Kenya situation” as justification for the centralisation of land administration and settlement, colonial unrest in the British colony proved equally attractive for Downs in justifying his opposition. He warned that the so-described “virtual destruction” of the Administration’s “continuous prestige”:

may be the beginning of our own destruction by inherent and aroused forces of native nationalism. Remember that we can defeat outside pressures but we cannot defeat the heart of any native uprising once it starts. This is not the Northern Territory; but it could be Kenya.¹⁸⁰

Outside the Administration, opposition to the establishment of the Land Development Board came from predictable sources. The *Pacific Islands Monthly* described Downs as “energetic, practical and with plenty of vision”. The Minister’s intervention in the “system of land settlement” operating in the Eastern Highlands, was thus depicted as “idealistic, over-elaborated [and] over-officialised”.¹⁸¹ Moreover, to repeat an earlier point, it confirmed to “Territorians” the Minister’s intention to continue the so-called “Socialist regime” established under Ward, in that, although “nominally a Tory” his record on land policy reportedly suggested “that he is mostly a Socialist planner incapable of leaving practical men [*read* Downs] alone in the jobs for which they have planned”.¹⁸² More reasoned, albeit essentially similar criticism, came from the Highlands Farmers and Settlers Association (HFSA). Expressing concern not only at the changes in which land was to be made available for settlement, but also restrictions on the transfer of agricultural leases, the Minister was criticised on the grounds “that protracted paternalism and cradle-to-grave socialistic controls are something which the public can choose itself, wholly or in part, if it wishes; but in our opinion these should not be forced upon the country and its people at this stage of development”.¹⁸³

¹⁸⁰ *ibid.*

¹⁸¹ ‘Vital Land Settlement Policy at Stake in N.Guinea’, *Pacific Islands Monthly*, 1954, Vol.25, No.5, p.9.

¹⁸² ‘Islands Development and Visionary Ministers - Especially Australian’, *Pacific Islands Monthly*, 1955, Vol.25, No.2, p.14.

¹⁸³ HFSA to Hasluck, 19 May 1958: Downs I.F.G, Highlands Farmers and Settler Association Papers 1956-1968, PMB (ANU) No.609.

The creation of the Land Development Board, its regulatory role regarding land usage and the form of agricultural development, represented a direct expression of Hasluck's considerable attachment to the modern idea of development. In this sense, Howlett was wrong to suggest that the failure to acquire large tracts of alienated land in the Highlands reflected not government policy, but rather the good relations between the first settlers in Goroka and the indigenous landowners.¹⁸⁴ Hasluck's support for Australian settlement in Papua New Guinea was conditional on whether the settlers performed the role he unrealistically envisaged for them: that is, as extension tools and as pioneers of tropical crops for the Australian market. The aim was to integrate European settlement with state plans for indigenous household production and to this extent, the land rush of 1952 to 1954 threatened the realisation of the restricted (ideological) role envisaged for expatriate planters and, as a direct corollary, the scheme of smallholder development. For Hasluck, the realisation of the settlers role in expanding indigenous commodity production and consumption meant that "measures for the advancement of native agriculture have to go side by side with and keep pace with measures for European settlement". In the case of the Highlands, the Minister added: "when, for any reason, the advancement of native agriculture is lagging then the acquisition of lands should be slowed down".¹⁸⁵ Constructivist in intent, the Land Development Board gave expression to the emphasis given to state regulation in negating the spontaneous movement of private capital.

5.5

Conclusion

The aim of this chapter has been to give an account of the ideas which underpinned development policy in a way that pays particular attention to the origins of those ideas. Claims that the change to a Liberal Administration marked a return to the "rampant white capitalism"¹⁸⁶ of the pre-war era and that "the colonial era favoured *laissez-faire* policies

¹⁸⁴ Howlett, 1962, p.228.

¹⁸⁵ Hasluck, Lands Policy in Papua and New Guinea, 21 October 1954: PNGNA a.82 b.138 f.31-1-5.

¹⁸⁶ Jinks, 1975, p.494.

rather than planning”,¹⁸⁷ simply do not correspond to the evidence. Indeed, Calwell himself agreed in 1958 that “in broad fundamentals the policies of the Chifley and Menzies Administrations in regard to our Trust Territories have been largely complementary”.¹⁸⁸

The extent to which Spender’s plan was to subordinate indigenous development strategies to the so-called ‘re-instatement of private enterprise’ was always going to be limited. As Murray himself later reflected, “I think on the whole he [Spender] wasn’t prepared to be destructive with the policy concerning native welfare”.¹⁸⁹ Spender’s plan was mentioned not because of its impact in structuring post-war development practice, but rather its irrelevance. Cited as representing the “final blow to Murray and the progressives”,¹⁹⁰ the turning point in which the “brief” attention given to indigenous agriculture was replaced by “the necessity for adequate supplies of plantation labour”,¹⁹¹ Spender’s programme may have indeed been important had it not been for Hasluck’s explicit rejection of it. The departure of Murray and the centralisation of development policy around Hasluck saw not a change in policy, but rather a change in emphasis: whereas for the former, the agrarian doctrine was posited as a means of meeting social need through production, for the latter it represented a one-dimensional attempt to deal with the problem of ‘community’ breakdown and the associated “transference of labour”.

None of this is to suggest that planning was coherent. By its very nature planning in a capitalist society implies a contradiction. However, with respect to post-war planning in Papua New Guinea, the implicit contradictions related more to the structuring of development practice against the concrete expression of capitalism’s destructive tendencies than to any pre-defined ‘model’ of development. In other words, it was not the planning that was *ad hoc*, but rather the processes of accumulation through which planning took place.

¹⁸⁷ Connell, 1997, p.20.

¹⁸⁸ Calwell, 1958, p.120.

¹⁸⁹ Lunney, S. Interview with Colonel J.K. Murray, January 14 - 18 1974: NLA, Canberra.

¹⁹⁰ Jinks, 1979, p.28.

¹⁹¹ Connell, 1997, p.20.

Let us now turn to consider the concrete domain of development practice: the actual struggle between the immanent processes of primary capitalist accumulation and the equally concrete artefacts of intentional development as unfolded in the New Guinea Highlands.

Part Three:

Development Practice and Forms of State Supervision

Chapter Six

Immanent and Intentional Development: the New Guinea Highlands and the Case of Coffee

6.1

Introduction

The 'opening up' of central New Guinea was an intermittent, slow and protracted affair. Protected by a central cordillera extending some 2400 kilometres, it was not until 1932 that the densely populated Highlands region was subject to administrative encroachment. In that year, New Guinea Patrol Officer J.L. Taylor, established a permanent post in the Upper Ramu area (Kainantu), followed by the opening of the Bena Bena post (Goroka). In March 1933 Taylor, accompanied by Mick and Dan Leahy, led a joint Administration/New Guinea Goldfields patrol from Bena Bena to the Wahgi Valley and Mount Hagen (Western Highlands). In 'discovering' what was conservatively estimated to be a further 150,000 people,¹ the administrative significance of the patrol was pointed out by Taylor in an appendix to the 1935 Report to the Council of the League of Nations:

Many thousands of natives whose existence was previously unknown, had been visited. A new mountain range and several valleys had been discovered ... also it is definitely established that the main range, which was hitherto believed to be a backbone of high, forest-clad uninhabited mountains, is in these parts at any rate, a cartographic myth, and in its place was a fine grass upland region, which may prove to be the best and most important part of New Guinea of the future.²

¹ In reality, the densely populated Highlands, accounted for one-third of the combined Territories population, or 700,000 people.

² cited in Finney, 1973, p.22.

“Receiving”, in the words of Mike Donaldson and Kenneth Good, “its main external stimuli from the Pacific War, the end of the ‘long trough’ and the beginning of the ‘second boom’ in Australia”,³ the history of colonialism in the Highlands is essentially an history of post-war trusteeship. To this extent, the region offers the social scientist a unique, historically truncated insight into the contested domain of development practice. Whilst Taylor’s advice, following his 1938-1939 Hagen-Sepik patrol, that “we should ... reserve the highlands of New Guinea for Europeans”,⁴ was enthusiastically embraced by the *Pacific Islands Monthly* for its Chamberlainite qualities,⁵ his qualification that “the future of the interior as I see it, is that there will take place firstly, native development, secondly European development”⁶ went largely unnoticed. However, six years later, the same contradiction, albeit enunciated within a re-defined framework of colonial trusteeship, was implicit in Ward’s bi-partisan directive that the “basis for the economy of the territory will be native and European industry with the limit of non-native expansion determined by the welfare of the natives generally”.⁷ The idea of dual development implicit in Taylor’s early reports and translated into practice through post-war conceptions of development and social trusteeship, was premised on the state’s capacity to *manage* the inherent conflict between two forms of production, between largeholding industrial capital and indigenous smallholders.

Coinciding with the global boom in commodity prices, in particular for coffee, the opening up of the Highlands for European settlement in May 1952 did indeed invoke images of a return to the “rampant white capitalism” of the pre-war era. For example, writing in 1956, historian F.J. West, cautioned that “European development in the central highlands would be likely to lead to a situation in which they would become a Second Kenya in its present political sense”.⁸ However, given Hasluck’s distaste for

³ Donaldson and Good, 1981, p.143.

⁴ Taylor, Hagen-Sepik Patrol, 1938-1939. In Jinks, Biskup and Nelson (eds.). (1973) *Readings in New Guinea History*. Sydney: Angus and Robertson, p.275.

⁵ “‘A Second Kenya in Central New Guinea’, *Pacific Islands Monthly*, 1939, Vol.10, No.1, p.19.

⁶ Taylor, Hagen-Sepik Patrol, 1938-1939. In Jinks, Biskup and Nelson (eds.). (1973) *Readings in New Guinea History*. Sydney: Angus and Robertson, p. 274.

⁷ *Commonwealth Debates*, 4 July 1945, p.4054.

⁸ West, 1956, p.313.

proletarianisation, his desire to avoid a “Kenya situation”,⁹ the future did not proceed along the lines predicted by West. On the contrary, according to the Minister, “in any land settlement the overriding consideration had to be the established policy of native welfare and no land acquisition could be made purely in the interests of development”.¹⁰ In threatening the essential pre-condition for the agrarian doctrine of smallholder development - the attachment of indigenous household to the land - the second wave of European settlement in the Highlands challenged the state’s capacity to manage the policy of ‘dual’ development. To this extent, land alienated in the “interests of development” referred to an unintentional, or immanent process, operating outside the regulatory capacity of the colonial Administration. Moreover, it was precisely this concern which shaped “the immediate future of the Highlands”.

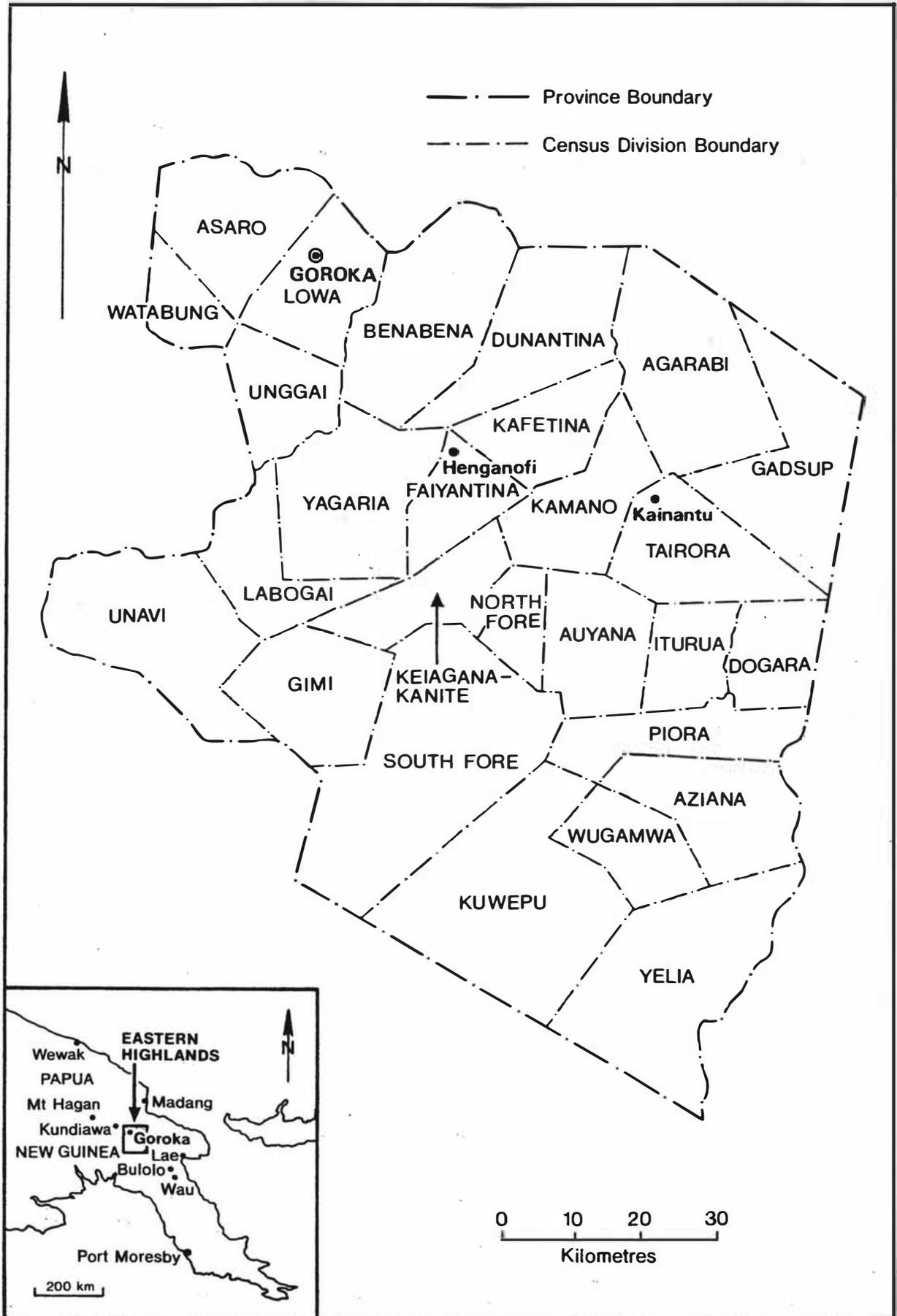
Having discussed the manner in which Australian colonial trusteeship came to articulate a welfarist agenda centred on the village as “a point of stability in a time of social change”,¹¹ this chapter and indeed, Part Three of the present thesis is conscious of the fact that the agrarian content of post-war development practice is more sharply revealed through the specific forms of state supervision constructed as institutions for realising the scheme of indigenous smallholder production. In the context of the present study, the uniqueness of the Highlands rests on the degree to which development from the outset came to be shaped by a definite, constructivist intent, premised on the strengthened capacity of state power. That the contested domain for exercising this power came to centre on coffee, adds to this uniqueness. Importantly, what follows does not pretend to be a history of the Highlands. Rather, focusing on the Goroka Sub-District (see Map 2: Eastern Highlands Province, Rural Census Divisions), it seeks to explore the processes of immanent development and the attempt by the Administration to redress the negative of consequences this ‘unintentional’ process through the creation of a modern smallholder coffee sector.

⁹ Hasluck, 1976, p.122.

¹⁰ Hasluck, Land Settlement, 1 February 1954: AA M1776/1 Vol.5.

¹¹ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

Map 2: Eastern Highlands Province, Rural Census Divisions (1990)



6.2

Capitalism and the Ideology of European Settlement

In the previous chapter, it was noted that whilst Hasluck's proposal for circumventing private capital investment through the creation of a Territories Development Fund was rejected,¹² it remained important, in that, presupposing European skill and capital as essential conditions for the realisation of colonial trusteeship, the 'pioneering' role envisaged for the fund necessarily shifted on to the settler. Given the exclusion of merchant capital and large-scale agriculture from the ideal construction of capitalism implicit in Hasluck's "liberal respect" for small property, the preferred model for expatriate settlement came to centre on the owner-operator.

In the inter-war period, the entry of capital into the Territory was essentially spontaneous, albeit subject to laws controlling the employment of labour and the alienation of land. Conversely, in the post-war period "the order of intervention was reversed": after 1945 the movement of capital was "activated and coerced" by the Administration as an integral part of its plans for household production.¹³ Premised on a major increase in administrative power and capacity, the intent as noted, was to tie expatriate investment to state plans for expanded indigenous commodity production. To this extent, land and labour policy, as the principal forms through which to control expatriate investment, were not, as Hasluck directed, to be formulated in the "interest of industry".¹⁴ It follows that in challenging the capacity of the colonial state to use land and labour policy as a means of "control[ing] ... the nature and rate of social change among the native people",¹⁵ the second wave of settlement in the Highlands (1952-1954) threatened not only the ideal of European settlers as "co-ordinating entrepreneurs" within a framework of expanded indigenous commodity production, but also the very basis on which this framework was to be secured - that is, the attachment of indigenous households to smallholdings. That the

¹² see Hasluck, Future Development of Territories, 11 December 1951: AA M1776/1 Vol.1.

¹³ Paraphrased from Cowen's study of 'Commodity Production in Kenya's Central Province'; see Cowen, 1981a, pp.138-139.

¹⁴ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

¹⁵ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.9.

Administration moved to reassert its 'control' over the form and direction of Highland development was thus predictable.

The context in which Hasluck intervened to check expatriate settlement in the Highlands has already been discussed (see Chapter Five). Fearing a loss of "control over the carrying out of established policy in regards to land",¹⁶ the intent was to inject an element of coercion into the state apparatus for ensuring the attachment of European settlement to the Administration's plans for indigenous agriculture. Critical of Downs for "not always see[ing] a relationship between his own local endeavours and a wider programme for the whole Territory",¹⁷ Hasluck moved to limit the potential for District Commissioners to direct agricultural settlement through their "own interpretation of lands policy". Thus, the establishment of the Land Development Board and the centralisation of land administration within it, was a direct corollary of the prominence given to management within the refashioned domain of state practice.¹⁸ Instructed to make "decisions in conjunction with its responsibility for co-ordinating opportunities for indigenous agriculture",¹⁹ the Board was responsible for policy relating to the pace of expatriate settlement, the size and location of agricultural holdings and the most suitable crop to be grown on any single lease.

The resulting conflict between the Administration and the Highland settlers was direct and persistent. With both sides invoking the contested image of preventing a "Kenya situation",²⁰ Hasluck's lands policy was criticised by the politically organised Highlands Farmers and Settlers Association (HFSA) for its protracted paternalism and "unnecessary socialism".²¹ However, whilst opposition was bitter to the Minister's directive for a "marked slowing down in the acquisition of land from the natives",²² it is important to note that this issue aside, the continuing dialogue/debate between the Administration and the HFSA essentially took place within the ideological framework through which the post-war

¹⁶ Hasluck to Lambert, 11 March 1954: AA M1776/1 Vol.5.

¹⁷ Hasluck, 1976, p.122.

¹⁸ see MacWilliam, 1992, p.137-138.

¹⁹ Timms, 1996, pp.113-114.

²⁰ see Hasluck, 1976, p.122; and Downs, Land Policy, 3 June 1954: PNGNA a.247 b.283 f.28-2-88.

²¹ cited in Timms, 1996, p.113.

²² Hasluck to Lambert, 11 March 1954: AA M1776/1 Vol.5.

role of expatriate settlement was construed. This is to say, that insofar as the primary object of state regulation came to centre on securing indigenous smallholder production, the HFSA responded by mobilising to influence the framework of regulation and in particular, their place within it. Initially assisted by conditions concealing the implicit contradiction between small and largeholder forms of production - namely, high returns for coffee and low indigenous output - the point was to secure a trajectory of accumulation within the framework of development administered and defined through the state apparatus.

The planters who made up the intensely politicised HFSA were, as Donaldson and Good suggest, “assisted in giving their political demands some weight by the presence among them of the first three top administration officers in the district, Jim Taylor, George Greathead and Ian Downs”.²³ The latter resigned as Eastern Highlands District Commissioner in 1956 and, in his own words, “entered the private sector as a beginner to join in the expansion of the coffee industry”.²⁴ That same year, Downs was appointed chairperson of the HFSA, a position he held with some influence until 1968.

The Mau Mau emergency and later, the expression of African anti-colonial nationalism through a discourse which included European expropriation, meant that the Highland expatriate coffee producers were not adverse to the restraints, secured through the Administration, on the post-war advance of merchant capital and large-scale agriculture. In July 1968 an editorial for the *New Guinea Highlands Bulletin*²⁵ warned that:

unless the investment policy is pointed to a continuous plan to replace the dwindling group of expatriate owner-managers with a ‘New Class’ of substantial Papuan and New Guinea estate owners most of the middle income properties will disappear by being absorbed by bigger company organisations. We will then be left with an even wider gap - between only huge expatriate estate owning groups and minuscule peasant farmers. This is the type of situation which has led to violent expropriation in newly self-governing countries.²⁶

²³ Donaldson and Good, 1981, p.147.

²⁴ Downs, 1978, p.246-247.

²⁵ The *New Guinea Highlands Bulletin* was a politico-agricultural journal published by the HFSA, and regularly containing contributions from the Administrative staff.

²⁶ cited in Stewart, 1992, p.74.

This idea of sponsoring indigenous (in practice, large peasant) economic participation was first suggested by Downs in 1954-1955 when, as District Commissioner, he wrote:

the European settlers are a force of good and are so far removed in outlook and tradition from the prejudices of the average coastal plantation manager that they are entitled to respect and our [the Administration's] reciprocal help ... It can be recorded that the average European settler has developed a conscience in respect of the native situation. I find this a very remarkable feature and one which has to be fostered and developed constantly because it has the means of creating a new tradition in the relationships between European settlers and an indigenous people. The idea of Partnership is not new but the means and circumstances of creating a genuine and sincere Partnership between Europeans and natives very seldom exists. This is probably the only place in the world at the present time where circumstances actually exist for sincere partners to be created.²⁷

In July 1954, HFSA Secretary Philip Reilly, put this ideology of partnership into perspective, noting that “here in the highlands the situation is that we are, and shall always be a very small minority, and if we destroy the spirit of co-operation between Europeans and natives, the end will be disastrous for us or our descendants”.²⁸ Acknowledging, albeit implicitly, the relative weakness of their position, in 1956 the HFSA's Charter, after “much soul searching and debate”,²⁹ was amended to allow the inclusion of indigenous members. As Downs, in a self-congratulatory letter to Hasluck, explained: “you will be interested, and I think pleased, to know that our Association now has many indigenous Highland people as actual members”. He continued: “this is possibly the first occasion on which an Association of Europeans has, without pressure of events, led into the future by inviting and accepting a coloured dependent community to join them on an equal footing in a group of this kind”.³⁰ Indigenous smallholders targeted as potential members of the HFSA were, of course, “those New Guineans who, by hard work and initiative, have succeeded in establishing worthwhile groves of coffee”, and who provide “an example to

²⁷ Annual Report for the Eastern Highlands District 1954-1955, cited in Finney, 1973, p.49.

²⁸ Reilly to Hasluck, 29 July 1954: AA A518 A815/1/5 Part.2.

²⁹ Downs to Lynch, 27 July 1962: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

³⁰ Downs to Hasluck, 19 May 1968: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

their fellows”.³¹ In 1962 membership of the HFSA totalled 250, of which 63 were indigenous producers, or large peasants.³² Of this 63, only one, Jon Akunai, held an ‘office’ within the Association.

Insofar as the HFSA was, in the words of Conroy, “politically the best group we have in the Territory”,³³ the ideology of partnership was essentially an acknowledgement of the comparative weakness of the post-war planter. To this extent, Finney’s claim that the “settlers started the coffee industry largely on their own”,³⁴ needs to be treated with caution. Evidence suggests that “antecedent conditions” for the boom in smallholder coffee after 1953 reflected not so much the European example, but rather a prior familiarity with the crop planted during the ANGAU period³⁵ (see below). What this study suggests, is that the ideology securing the planter’s position was as much a creation of the state as it was of the settlers. As Conroy explained in an interview with Timms, “we defined ... commercialisation of indigenous agriculture as the most important thing”,³⁶ of which the export market, as Hasluck noted, provided the best opportunity for that “at least already exists and in many cases access has been pioneered by the European plantation owner”.³⁷ Indeed, according to the Minister, his support of private capital investment not only in coffee, but also in cocoa and fibres, was “because native growers are also growing them”. As a consequence, Hasluck saw “opportunities for the native grower, using his own land and the labour of himself and his family or clan, to grow the crop and deliver the produce to central ‘factories’ which would process and market the finished product”.³⁸ Securing the

³¹ Downs to Cleland, 28 February 1962: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

³² Downs to Lynch, 27 July 1962: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609. It should also be pointed out that the “integrationist policies” of the HFSA, as Conroy put it, were essentially a Goroka initiative. The Hagen branch of the HFSA had only one indigenous member in 1961, and the Wahgi, Kainantu and Wau branches had none; see Conroy to Crawford, 4 July 1961: PNGNA a.1054 b.18.480 fz.1-1-133 Part.2.

³³ Conroy to Crawford, 4 July 1961: PNGNA a.1054 b.18.480 fz.1-1-133 Part.2.

³⁴ Finney, 1973, p.53-54.

³⁵ Bourke, 1986, p.103; see also T.G. Aitchison, Bena Bena Patrol Report No.9 1944/45: PNGNA. For a discussion of this point, see Section 6.3.

³⁶ cited in Timms, 1996, p.91.

³⁷ Hasluck, *The Economic Development of Papua and New Guinea*, 1961: PNGNA a.12 b.3875 f.1-1-6 Part.2.

³⁸ Hasluck, 1976, p.139.

planter's position was precisely the same idea of 'positive' trusteeship that secured the scheme of smallholder production.

Responding to the "all Australian problem of [the] expansion of agricultural production" (i.e. the post-war dollar-gap), Hasluck, having had his proposal for a Territory Development Fund rejected, raised the spectre of "private enterprise, with all its special skills, to do this work - to provide the capital and finance to establish new plantations and to grow and sell the crops".³⁹ Seeking "men of vision, courage and initiative",⁴⁰ the Minister was clearly not opposed to expatriate land settlement. Indeed, in April 1952, he created the position of a Land Settlement Officer with the intent of "mak[ing] some land available for Australian settlers and generally facilitat[ing] land settlement".⁴¹ However, the suggestion that "the role of Government is to make it possible for private enterprise to carry out the actual work of producing the goods by making land available"⁴² was somewhat superficial. In *A Time for Building*, Hasluck suggests that "in economic matters" he was "turned away from the lead given by Spender".⁴³ For Hasluck, the "essential corollary to European land settlement" was "the improvement of village agriculture" as a means "to produce the income which they will need for the raising of their standard of living and for their social advancement".⁴⁴ This then, was the broad objective of centralising the method and administration of lands. For Hasluck, the form and purpose of private capital investment, as productive capital, was to be subject to direct administrative control. In his own words:

it is ... the responsibility of the Government to ensure, so far as it can, that effective use is made of any land granted. One way of helping to attain this end is to examine the land in order to determine what are the best purposes

³⁹ Hasluck, Draft Statement by Minister on Agricultural Expansion in New Guinea, 4 March 1952: AA A518/1 B927/2.

⁴⁰ *ibid.*

⁴¹ Willoughby, land Settlement and Improvement of Native Village Agriculture, 25 July 1952: AA A518 A1927/2.

⁴² Hasluck, Draft Statement by Minister on Agricultural Expansion in New Guinea, 4 March 1952: AA A518/1 B927/2.

⁴³ Hasluck, 1976, p.128; see also comment by Hasluck with respect to Spender's, 'Australia in New Guinea: The Post-War Task', October 1951: AA M335/1 Part.2.

⁴⁴ Hasluck to Lambert, 30 July 1952: AA A518 A1927/2.

for which it can be used and to advertise it in lots of a size appropriate to that purpose.⁴⁵

That “private enterprise”, in the words of Downs, was not “permitted to risk capital as it thinks fit”, and that it had to “wait for guarantees of success from Agricultural Officers too frequently opposed to particular ventures”,⁴⁶ was thus indicative of the constructivist intent underpinning the emphasis given to state regulation in directing the movement of capital.

For the Administration, ‘appropriate’ development, was synonymous with “measures that maintain village life and the attachment of the native to his land”.⁴⁷ However, the purpose of securing this attachment was not to establish the village as a labour reserve for European plantations. On the contrary, as Hasluck explained in a statement which is important for illuminating what the present study means by forms of state supervision: “the established policy of preserving the natives rights in land ... will only prove effective if, in practice, the natives live on their land and *work it*, using it to greater advantage than in the past, either for a higher level of subsistence or for the production of marketable crops”.⁴⁸ In other words, the post-war commodification of indigenous labour power was to be administered not through the creation of a market in land and labour, but rather through the production and consumption of commodities.

In light of this productive intent, settler participation in providing an outlet for “marketable crops” corresponded, initially at least, to the Administration’s expectation of the compatibility between controlled expatriate settlement and indigenous commodity production. In the case of coffee, smallholder production was restricted primarily to the first or second stage of an eight stage process.⁴⁹ Sold as either cherry or parchment, the

⁴⁵ Hasluck to Reilly, 5 October 1954: AA A518 A815/1/5 Part.2.

⁴⁶ HFSA to Hasluck, 19 May 1958: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

⁴⁷ Hasluck, Native Labour Policy - Papua and New Guinea , 2 March 1955: AA M1776/1 Vol.7.

⁴⁸ *ibid* (my italics).

⁴⁹ The first stage simply involves the harvesting of the ripe fruit (cherry) which is either sold as such or processed to parchment stage which involves the removal of the mucilaginous substance encasing the bean (stage 2). Parchment is then dried using a rotary drier (stage 3). Stage 4 involves hulling, or the separation of the parchment casing from the green bean, or “bean of commerce”. The green bean is then polished (stage 5), sorted (stage 6), graded (stage 7) and

first stage required no investment in capital equipment, whilst the second stage required the purchase of a hand-operated pulper and the provision of “concrete or wooden (but not steel) vats and blue canvas or plastic upon which to dry the seeds after fermenting”.⁵⁰ Conversely, for the plantation owner, investment was required for each of the eight stages of the processing chain. The provision of “a pulper, vats, driers, garers, polishers, baggers and drying trays”⁵¹ were not only essential, but were also required to be housed in separate facilities. Given an establishment cost in 1955 of £6,700,⁵² it followed that the primary reason for the Administration’s failure to challenge the ‘right’ of planters to control the processing of coffee to the export stage, reflected not so much “the political strength of the planter class”,⁵³ as suggested by Randal Stewart, but rather their weakness. In providing an outlet for indigenous produced commodities, the settlers exemplified the role envisaged for them within the ideological framework of post-war trusteeship.

To expand: administrative policy for the purchase of smallholder coffee was limited to “providing marketing services by direct purchasing from producers on the fringe of the developed areas”.⁵⁴ Of the 1,425 tons of indigenous (Eastern Highland) coffee purchased in 1963, only 15 tons were purchased by the Department of Agriculture from the geographically isolated Unggai Trading Society. This compares to the 500 tons purchased by Goroka Coffee Producers, of which Downs was a Director, and the 300 tons purchased by Jim Leahy’s Highlands Produce Buyers.⁵⁵ The terms on which the Administration initially supported this control of processing indigenous parchment are given in the following statement by Conroy:

both [Goroka Coffee Producers and Highlands Produce Buyers] operate central facilities for milling parchment and have a well-developed purchasing programme along established routes. Both concerns are efficiently operated

(continued) bagged for export (stage 8). It is important to note, that stages 1 and 2 are the most critical. Once harvested, the mucilaginous substance encasing the bean must be removed within 24 hours otherwise it can dry on the parchment affecting its taste; see Stewart, 1992, pp.37-40.

⁵⁰ *ibid.*, p.39.

⁵¹ *ibid.*

⁵² see Mckenna, D. (1955) ‘Report of Visit to the Territory of Papua-New Guinea’: Reserve Bank of Australia Archives, Sydney (hereafter, RBA) PNG-a-83, p.42.

⁵³ Stewart, 1992, p.40.

⁵⁴ Report on the Advancement of Native Agriculture for the Year Ending 30th June 1960: PNGNA a.12 b.16.664 f.19-1-9c Part.2.

⁵⁵ Boniwell, Highlands Produce Buyers, 30 August 1963: PNGNA a.12 b.16.247 f.1-2-2.

and co-operate readily with the Administration in the implementation of quality control programmes and the payment of agreed prices for native-produced parchment. Their relations with native producers are good. Goroka Coffee Producers ... has about double the handling capacity of the Highland Produce Buyers. The two firms would account for at least 90% of all parchment produced in the area from Henganofi to Nondugl.⁵⁶

In a letter to Lambert six months later, Conroy described his Department's policy as stimulating the "production of parchment coffee in the villages by the 'wet' process (i.e. fermentation and washing), and the subsequent sale ... and treatment of parchment ... by private millers, of whom the main ones are Goroka Coffee Producers and Highlands Buyers Ltd.". Whilst acknowledging the potential for political conflict between indigenous and expatriate coffee producers, the Chief of Agricultural Extension saw no reason for a change in policy, in that, both purchasing firms were seen as agents for "promoting and marketing the native crop".⁵⁷

As an essential element in the commercialisation of indigenous agriculture, the extent to which the Administration supported the activities of Downs and Leahy was most clearly expressed in attempts by Conroy to ensure that sufficient credit was available to both firms for the purchase of smallholder coffee. In a confidential report dated 30 April 1961, the Chief of Agricultural Extension expressed concern at the "difficulties in the marketing of native parchment ... due to lack of confidence of the trading banks in the present market situation, and their unwillingness to advance credit to traders and millers for purchasing parchment". Following "confidential discussions" with the Bank of New South Wales, Conroy wrote of obtaining an assurance "of the Bank's interest in promoting the marketing of the native crop", noting however, that the availability of purchasing finance was determined by the extent to which "the Commonwealth Government will assist [in] the uptake of the Territory crop in Australia"⁵⁸ - i.e. the degree of preferential treatment secured through the Australian Tariff Board.

⁵⁶ Conroy, Report on Coffee Marketing Situation, 31 May 1961: PNGNA a.1054 b.18.518 fz.23-4-13(e).

⁵⁷ Conroy, Native Coffee Processing Techniques, 29 November 1961: PNGNA a.1054 b.18.480 fz.1-1-133 Part.2. On the potential for conflict see 'Participation by Indigenous People in the Coffee Industry (Appendix H), 19 December 1962: PNGNA a.12 b.16.709 f.23-3-31.

⁵⁸ Conroy, Report on Coffee Marketing Situation - Eastern Highlands, Western Highlands & Morobe Districts, 30 April 1961: PNGNA a.1054 b.18.518 fz.23-4-13(e).

One of the defining issues to emerge from Stewart's study of the New Guinea coffee industry related to the question of "why did the colonial state seem to operate in such a contradictory way, sometimes assisting the white planters and sometimes not?"⁵⁹ Not wanting to pre-empt section five, the important, but conflicting role of the HFSA in securing international accommodation for Highland coffee, is yet to be discussed. However, to respond to Stewart's question, the Administration, having assumed the centrality of European skill and capital for economic development, sought to reconcile the goal of expanded commodity production with post-war demands for the provision of indigenous welfare. The contradiction noted by Stewart was implicit insofar as welfare, abstracted as synonymous with a "liberal respect" for small property, was extended as a means of ameliorating what was perceived as the negative consequences of unfettered capitalist development. The conflict between the Administration and the HFSA centred not so much on the structuring of this intent, but rather the terms in which it was to be regulated and in particular, the role of the latter within it. Before discussing the ideas and practices underpinning the extension of state-sponsored welfare in the Highlands, let us first consider the actual form of smallholder coffee production.

6.3

Smallholders, the State and the Production of Coffee

The aim of this section is to give a brief outline of the form and early history of indigenous coffee production in the Highlands. Mild arabica coffee, which in 1961 accounted for 96% of the Territory's total coffee production,⁶⁰ was first established by the New Guinea Department of Agriculture at Wau in 1928.⁶¹ Usually grown at altitudes between 1,000 and 2,000 metres, field trials with this variety were shifted to Kainantu in 1937 with the establishment of a Research Station at Aiyura. According to Michael

⁵⁹ Stewart, 1992, p.36.

⁶⁰ Tariff Board's Report: Coffee, *Commonwealth of Australia Parliamentary Papers*, Vol.20, 1962-63, p.6. Robusta coffee, produced mainly in lowland regions, made up the remaining 4% or 218.6 lb.

⁶¹ Bourke, 1986, p.100.

Bourke, “the Aiyura coffee started bearing by June 1939 and heavy yields were reported”.⁶² Nine years later, the 1948-1949 report to the United Nations referred to the distribution of both tea and coffee plants from Aiyura to indigenous villagers.⁶³

Evidence suggests that the first plantings of indigenous coffee commenced during the 1940s and not in 1953 following the ‘pioneering’, and hence ‘diffusionist’, success of expatriate producers.⁶⁴ ANGAU patrol reports for the Goroka Sub-District (1944-1945), suggest a very real interest in establishing indigenous coffee holdings, particularly in the Bena Bena area where, without a programme of establishing village nurseries, seedlings were more easily transported. In December 1944 Native Affairs Officer A.C. Ewing, led a patrol primarily concerned with the selection of sites for coffee plantations.⁶⁵ This was followed by a patrol led by T.G. Aitchison, “the primary object” of which “was [the] preparation of coffee plots”.⁶⁶ In January 1945, J.H.L. Armitstead reported the results of nine experimental coffee plots established in the Bena Bena area. Whilst figures for two of the plots are not provided, of those given, the number of trees planted ranged from 530 (Kaiufa) to 148 (Hopoigiufa), of which the average across seven of the nine plots was 361 trees, or a total of 2,525.⁶⁷

As to the sale and purchase of these early experiments in indigenous coffee production, Ewing reported that “the natives were given to understand that the production of a good class of coffee would, in all probability, prove of great value to them in the years to come ... particularly if a market could be found for it from outside sources”.⁶⁸ By 1947, Finney found that the indigenous Eastern Highlanders had “started to take berries into the government station to exchange for trade goods”.⁶⁹ In 1953/54 Patrol Officer N.F. Fowler, noted that in Eastern Bena Bena a luluai, or government appointed official, was “already

⁶² *ibid.*, p.101.

⁶³ *Report to the General Assembly ... New Guinea, 1948-49*, p.78; see also *ibid.*, p.102.

⁶⁴ As suggested by Finney, 1973, pp.43-44; and Cartledge, 1978, p.7. As a corrective, see Bourke, 1986, pp.100-103.

⁶⁵ Ewing, Bena Patrol Report No.8 of 1944/45: PNGNA.

⁶⁶ Aitchison, Bena Patrol Report No.9 1944/45: PNGNA.

⁶⁷ Armitstead, Bena Patrol Report No.19 1944/45: PNGNA.

⁶⁸ Ewing, Bena Patrol Report No.8 of 1944/45: PNGNA.

⁶⁹ Finney, 1973, p.43.

obtaining returns from coffee planted, it is believed, at the end of the war”.⁷⁰ In the same year, J.A. Gauci reported that in Southwest Henganofi, coffee planted during the war “has been bought by both the Station [i.e. Aiyura] and private Europeans”. Importantly, it was the cash returns from these original sales which, according to Gauci, “helped to stimulate further native interest”.⁷¹

By 1967 coffee had become the Territory’s main export crop.⁷² In 1969/70, the area of land given to coffee production totalled 74,014 acres, of which 58,977 acres was worked as indigenous smallholdings. For the same period, production by households totalled 20,805 tons, compared to 6,258 tons produced on plantations.⁷³ The extent to which the crop had been successfully incorporated into the household labour process was exemplified by the fact that in 1972/73 45,560 Eastern Highland households were engaged in commercial coffee production.⁷⁴ Further, in 1976 economist for the Department of Primary Industry D. Anderson, reported that smallholdings in the three Highland provinces (Eastern, Western and Chimbu) contained an average of “530 trees of which 450 were mature and 80 (16%) of the total, immature”. The median range for over half of the households surveyed was between 200 and 500 trees, “with only 6% of growers having more than 1,000 mature trees”.⁷⁵ Table 6.1 below shows total smallholder output for the period 1954-1970, and its percentage in relation to total coffee production.

⁷⁰ Fowler, Eastern Bena Patrol Report No.3 1953/54: PNGNA.

⁷¹ Gauci, Southwest Henganofi Patrol Report No.11: PNGNA.

⁷² McKillop, 1976, p.25.

⁷³ Cartledge, 1978, pp.282-283.

⁷⁴ Stewart, 1992, p.54.

⁷⁵ Anderson, D. (1977) *An Economic Survey of Smallholder Coffee Producers - 1976*. Port Moresby: Department of Primary Industry, p.10.

Table 6.1: Total Smallholder Output and its Percentage of Total Coffee Production, 1954/55 to 1969/70 (tons).⁷⁶

<i>Year</i>	<i>Smallholder Output (Tons)</i>	<i>% of Total Coffee Production</i>
1954-55	18	15.5
1959-60	581	37.5
1960-61	746	29.8
1961-62	1,592	44.5
1962-63	2,473	46.6
1963-64	3,972	56.7
1964-65	3,950	51.2
1965-66	6,791	63.7
1966-67	10,565	68.3
1967-68	9,665	67.3
1968-69	14,943	70.7
1969-70	20,799	76.9

Source: Cartledge, 1978: Appendix 23, p.316.

For the three years between 1956 and 1959, “more than eight times as much coffee had been planted in the Goroka and Kainantu Sub-Districts [than] was planted prior to 1955”.⁷⁷ In terms of the number of trees and acreage under coffee production, smallholders had in fact surpassed the expatriate plantation owners as early as 1958. Such figures meant that by 1959 indigenous coffee production was regarded as the most successful scheme undertaken by the Department of Agriculture. Thus, in 1962 the Australian Tariff Board, whilst recognising that the industry faced “serious marketing difficulties”, commended the Department “for the way in which coffee growing has been effectively

⁷⁶ Figures for the period 1955-1958 were not collected. The first comprehensive survey of indigenous coffee was undertaken in 1958-59.

⁷⁷ Donaldson and Good, 1981, p.149.

integrated with the life of many native communities”.⁷⁸ Whilst the antecedent conditions for this rapid growth in smallholder coffee production can, as noted, be traced to the early extension programme commenced during the 1940s, the principle impetus came after 1952. Previously restricted to selling coffee cherry (or fruit) direct to the Administration, expatriate investment in coffee processing after 1950 greatly expanded the necessary facilities for the commercialisation of the indigenous product.

Appointed in 1952, R. Cottle was the first Agricultural Officer permanently stationed at Goroka. Sent to promote indigenous passionfruit production for the recently opened Cottees Passiona processing plant, “he soon realised”, in the words of Finney, “that only a few Gorokans could participate in the ... industry and that other crops had to be introduced to serve a wide range of people”.⁷⁹ The primary barrier to the universal commercialisation of passionfruit as a smallholder crop was twofold. First, passionfruit was produced solely for the Australian market and hence, returns to households were almost entirely determined by the volume supplying that market and the corresponding activities of a single purchasing firm. Conversely, returns to households from coffee were set at a global level and in 1952 the prospects for over-supply were comparatively less likely.⁸⁰ Second, passionfruit had a low value to weight ratio of 1 cent per pound, compared to 30 cents per pound for coffee. In a region where “human portage” was the principle form of transport, the relative attractiveness of the latter was clear. It followed that by 1953/54 the Administration regarded “coffee production” as the “natives greatest source of income in the future”.⁸¹

Cottle began promoting smallholder coffee in 1952. This involved patrols in which coffee growing was discussed with “interested natives”. He would then “arrange to return again within two months to demonstrate methods of pruning coffee bushes and to generally assist and advise intending coffee growers”.⁸² In the interim, between the first and follow-

⁷⁸ Tariff Board’s Report: Coffee, *Commonwealth of Australia Parliamentary Papers*, Vol.20, 1962-63, p.13. In 1976, Anderson (1977, p.3) reported that “coffee is creating a cash cropping model with which most other alternative cash earning activities are compared”.

⁷⁹ Finney, 1973, p.59.

⁸⁰ Scott MacWilliam, as per. Personal Communication, 6 March 1999.

⁸¹ Cleland, Asaro Patrol Report No.16 1953/54: PNGNA.

⁸² Desailly, Kamanuntina/Gafutina Rivers Patrol Report No.13 1952/53: PNGNA.

up visit, villagers would prepare nursery beds to grow seedlings for one year before transplanting to individual household plots. In 1953/54 Patrol Officer R. Cleland, reported that nurseries established in the Asaro valley contained a total of “48,500 seedlings which should plant about 90 to 100 acres of coffee”.⁸³

In May 1953, Downs warned that “it is impossible to stop the natives planting coffee” and, in the absence of a second Agricultural Officer, “the native situation could be compromised ... if they are not properly supervised”.⁸⁴ The speed in which coffee was incorporated into the household labour process was unexpected. Moreover, indigenous demand for extension services soon exceeded the capacity of Cottle to provide. Reports that the rural population were “looking for a lead toward their own economic development” and the implicit corollary, that “this lead must be supplied by the Administration”, saw Cottle co-opt the services of field staff for the Department of Native Affairs in supervising initial plantings. The new procedure involved:

1. If a native shows interest enough to select and clear a small area of land on which he desires to plant coffee, the ground should first be examined for depth and quality of top and sub-soil.
2. The plot must then be marked out with sticks to indicate the position of each hole. The holes should be in rows of 9 feet apart and dug at 9 feet intervals.
3. A hedge of *Crotalaria* must be planted between the rows to provide shade for the young seedlings.
4. Supervision of the planting of coffee seedlings and thinning of *Crotalaria* shade should be left to the Agricultural Extension Officer.⁸⁵

Implicit in the instructions above was the assumption that the ownership of trees would be secured on an individual rather than a group basis. To this extent, coffee extension departed from the form of indigenous agriculture initially promoted in the period 1945-1955 and its emphasis on “communal cropping on supposedly ‘communal’ land” (see Chapter Seven).⁸⁶ Derived from a perception, albeit an “invented” one, that indigenous society was communal and therefore, that group ventures offered the most appropriate

⁸³ Cleland, Asaro Patrol Report No.16 1953/54: PNGNA.

⁸⁴ Downs, Native Grown Coffee, 14 May 1953: PNGNA a.247 sn.361 b.230 f.3-4-8-9.

⁸⁵ Thyer, Western Goroka Patrol Report No.1 1953/54: PNGNA.

⁸⁶ Quinn, 1981, p.176.

form through which to reconcile expanded commodity production with the village labour process, individual experience by 1952 had testified not so much to the inappropriateness of such ventures, but rather the Administration's inability to use them as a medium for intensifying village labour. Thus, the 1955 Agricultural Extension Conference, in acknowledging the speed in which coffee had been incorporated in the household labour process, passed a resolution which gave formal expression to this shift in emphasis. It was recommended "that maximum discretion should be exercised by Administration Officers in the promotion of collective agronomic projects; and especially in regard to perennial crops because of land tenure and crop ownership problems; and prefers to see such projects developed on a family basis with the smallholder secure in his tenure".⁸⁷

In 1955 J.W. Barrie and R.S. Carne succeeded Cottle as the chief promoters of indigenous coffee production. According to Finney, both officers were conscious of the 'need' to raise the intensity of labour and that prior experience with communal plantations had demonstrated that with such ventures, "people could neither be cajoled nor forced into maintaining and exploiting them".⁸⁸ Whilst coffee nurseries were 'communal', the transplanting of seedlings and hence the ownership of trees, was organised on an individual household basis. In 1956/57 Native Affairs Officer J.W. Kent described this policy as transforming "the native agriculturist from his peasant farmer cum communal cultivator status to an individual peasant farmer".⁸⁹ Thus as early as 1954, patrol instructions for the Goroka Sub-District required officers to "check that all coffee is growing on the producer's own land and compilation of a register giving details such as the producer's name, village, area fenced and marked out ready for planting".⁹⁰

In 1956/57 the Department of Agriculture withdrew from purchasing indigenous coffee in areas readily accessible to expatriate buyers. In the words of Kent, this meant that "in the sale of their coffee the native cultivators have but one buyer source - the private European".⁹¹ Indigenous smallholders were reportedly selling coffee in both cherry and

⁸⁷ cited in, Donaldson and Good, 1981, p.148.

⁸⁸ Finney, 1973, p.61.

⁸⁹ Kent, Upper Asaro Patrol Report No.8 1956/57: PNGNA.

⁹⁰ Kaad, Patrol Instruction - Bena Area (for Kelly-Healy No.2 1954/55), 9 September 1954: PNGNA.

⁹¹ Kent, Upper Asaro Patrol Report No.8 1956/57: PNGNA.

parchment stage. Processing to the latter stage appears to have first been promoted in the Watabung area in 1956/57. According to Native Affairs Officer, J.R. Wolsey:

This patrol brought out a coffee huller and pulper and demonstrations were arranged on the station. The machines were purchased by Native Bimai and set up on his block ... This will now provide a processing centre for coffee produced in the area.⁹²

The Kenyan model of centralised processing facilities for indigenous parchment was rejected by the Territory Administration in favour of a decentralised system of hamlet or village pulperies. As the Divisional Chief of Extension and Marketing J.C. Lamrock, explained: "it is not this Department's policy to foster central coffee pulperies amongst native producers". Rather, "the Department's policy is that the processing of the coffee cherry to the parchment stage is the responsibility of the individual producer or the family unit".⁹³ Originating from a tour by Downs and Leahy to coffee producing regions in Africa and Central America, the argument for structuring the industry around centralised processing facilities was advocated by the HFSA. Noting "that the quality of coffee was determined between the time it was picked and the parchment stage", Downs, in a lengthy proposal to Henderson, recommended "that for the native coffee industry to flourish and for its output to find ready acceptance, a more efficient central form of processing is required".⁹⁴

The issue of quality aside, an additional benefit of centralised processing for expatriate planters, included restrictions to the *quantity* of indigenous output. The requirement that the coffee cherry be pulped within 24 hours of harvesting, meant that plantings would be restricted to areas with immediate access to central processing facilities. The HFSA

⁹² Wolsey, Watabung Patrol Report No.1 1956/57: PNGNA. Bimai epitomised the large-peasant/rural-capitalist studied by Finney. A former worker at the Aiyura Research Station, by 1953/54 he had a "nursery of 5,000 healthy Arabica coffee seedlings" In 1963/64 he was reported to be employing 28 workers harvesting coffee on a holding which at its peak contained 9,000 trees; see Thyer, Western Goroka Patrol Report No.1 1953/54: PNGNA; and Bartlett, Watabung Patrol Report No.5 1963/65: PNGNA; see also Finney, 1973, pp.100-104.

⁹³ Lamrock, Coffee Policy, 22 May 1962: PNGNA a.12 b.16.247 f.1-2-2 Part.2.

⁹⁴ Downs in, 'Report and Recommendations of Dr. P.W.E. Curtin, Messers M.J. Phillips & E.V. Fleming Following a Visit to Papua - New Guinea'. Sydney: Reserve Bank of Australia 1960: RBA GMP-91-36, p.49.

proposal was thus “accorded a very perfunctory reception and ... wiped cold” by both Henderson and Conroy.⁹⁵ Instead, the purchase of village, or hamlet pulpers (costing \$200 in 1963,⁹⁶) was encouraged, to be “operated by a syndicate or an entrepreneur two or three to a village”.⁹⁷ On the Kenyan model of centralised processing of smallholder coffee, Conroy warned that whilst “the quality is good ... compulsion is necessary and is applied under an extension of the Mau Mau Emergency Regulations”.⁹⁸ In place of compulsion, the strategy for securing administrative control of indigenous coffee production came to be exercised, in theory at least, through the imposition of a grading system. Criticising Barrie in May 1956 for linking the “control of quality” with the “control of coffee planting”, the former, according to Conroy, “is attained through the development of suitable marketing organisations ... and may ultimately have to be formalised by a system of export inspection as is now the case with copra”.⁹⁹

Unhulled, or indigenous parchment, was graded as type X or type Y. Type X was defined “as the product of milling whole sound parchment coffee and to comprise whole sound coffee beans substantially free of defective beans and foreign matter, but not sorted into sizes, i.e. with no minimum width requirements”; whilst type Y referred to “the gross product of milling whole sound parchment coffee without size grading or separation of Triage but to be defined as being free from an excessive quantity of defective beans and substantially free of foreign matter”. A third grade, Triage, was added to include “all or any defective coffee beans”.¹⁰⁰ The Agricultural Department’s strategy for avoiding what Gunther referred to as “peasant processing methods”,¹⁰¹ was to negotiate a fixed price for type X and type Y parchment paid by the “millers and the Highlands Farmers and Settlers

⁹⁵ *ibid.*

⁹⁶ Rural Credit Budget - Coffee Arabica (Financial Date), 17 April 1963: PNGNA a.12 b.16.665 f.19-1-18(d) Part.6.

⁹⁷ Conroy, Native Coffee Processing Techniques, 29 November 1961: PNGNA a.1054 b.18.480 fz.1-1-133 Part.2. The 1965/66 Annual Report for Henganofi noted that the village pulper was being replaced by the smaller hand-pulper which cost \$60 and was within reach of groups of small growers or could be owned individually by large growers; see Donaldson and Good, 1981, p.153.

⁹⁸ *ibid.*

⁹⁹ Conroy, Control of Coffee Planting, 10 May 1956: PNGNA a.12 b.16.709 f.23-3-31.

¹⁰⁰ Conroy to V.P. Calnan, 28 August 1960: PNGNA a.1052 b.18.480 fz.1-1-133 Part.2.

¹⁰¹ Gunther, Centralised Coffee Processing Facilities - Eastern Highlands, 15 July 1961: PNGNA a.12 b.16,709 f.23-3-31.

Association”, whilst Triage was left to find its “own level in the market”.¹⁰² In terms of securing state supervision of production, the point, as Conroy explained to Lambert, was “that with the payment of suitable prices for better quality parchment, we can very rapidly bring home to farmers at the village level the need for quality and that it is well within their capacity to produce a good quality product”.¹⁰³

This section has sought to give a brief outline of the form and structure of indigenous coffee production, as developed to 1962. As “the only proven economic crop available for development ... in the Highlands”,¹⁰⁴ the expansion of coffee growing by both indigenous households and expatriate planters was predictably rapid. However, confronted with global surpluses after 1958, the ideology of partnership underpinning the production and marketing of coffee was soon undermined. In 1957/58 Patrol Officer E.R. Johnson, noted “that the European and native [coffee] producers are on opposite ends of the scale”: that is, “the ability of the native producer to show a profit long after his European competitor has gone bankrupt is a well known and an admitted fact”. The question, Johnson continued, related to “which one is to take precedence?”¹⁰⁵ Policy after 1959 stipulated that whilst “native growers are neither being encouraged nor discouraged to increase plantings ... no new land has been allocated for coffee growing by expatriates”.¹⁰⁶ In order to understand the prominence given by the Administration to smallholder production, it is necessary to analyse the broad contours through which the agrarian doctrine found expression in the Highlands.

¹⁰² Conroy to V.P. Calnan, 28 August 1960: PNGNA a.1052 b.18.480 fz.1-1-133 Part.2.

¹⁰³ Conroy, Native Coffee Processing Techniques, 29 November 1961: PNGNA a.1052 b.18.480 fz.1-1-133 Part.2.

¹⁰⁴ Coffee Studying Group - Brief, March 1962: AA A3092/1 221/3/7/2/1.

¹⁰⁵ Johnson, Patrol Report Kamanuntina/Gafutina No.1 1957/58: PNGNA.

¹⁰⁶ International Coffee Agreement (Cabinet Submission), 20 October 1967: AA A1838/1 704/13/3 Part.8.

6.4

Administration and Development

The first task of the post-war Administration was to renew the agrarian conditions of village (re)production. As Murray put it, “rehabilitation of the native economy by the native people necessarily, rightly and naturally has taken precedence over the rehabilitation of European interests”.¹⁰⁷ Concern for the impact of war on village agriculture, malnutrition and, in the Highlands, the outbreak of a serious dysentery epidemic, saw the Department of Agriculture introduce a policy based on “improving the nutrition and the standard of living of the native peoples ... by mixed farming on individual small-holdings”.¹⁰⁸ The aim was to intensify household labour through a twofold process. The first involved the introduction of additional and improved subsistence crops, the justification of which, to repeat an earlier quote, was given by Gunther:

I have said before and repeat that the Niugini man is an 80% man; I do not think it can be denied whatever his apparent nutritional status is at the time of examination that he consumes about 80% of his needs; it would appear that he has sufficient energy to supplant only 80% of his needs and he consumes energy and hence his productivity is low ... *Therefore a prerequisite to the allocation of resources must take into account the needs to improve the productivity of labour.*¹⁰⁹

In 1947, the *Report of the New Guinea Nutrition Survey* suggested that as part of a strategy for raising the nutritional status of village consumption, “the efficiency of existing methods of agriculture deserves attention”.¹¹⁰ The second aspect to intensifying household labour thus involved a programme for reducing the labour time involved in subsistence production. Reflecting the degree to which development strategies were interwoven, the 1963-64 Report to the United Nations stated that “extension programmes aim at showing

¹⁰⁷ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

¹⁰⁸ Cottrell-Dormer, Proposed Policy and Working Plan for the Department of Agriculture, Stock and Fisheries, in Respect to Native Agriculture: ANU Stanner Papers on Papua New Guinea 1946-1966, p.4; see also Donaldson and Good, 1981, p.145.

¹⁰⁹ Gunther, unsigned, undated, untitled notes: ANU Archives Q.22 B.21 F.2 (my italics).

¹¹⁰ *Report of the New Guinea Nutrition Survey Expedition*, 1947, p.91.

farmers that by practising a rotation of each clearing, instead of growing only one crop before permitting the land to revert to bush or grass fallow, they can considerably reduce the labour involved in food production".¹¹¹

In the context of the Eastern Highlands, the concrete application of the Administration's agricultural policy was, in the words of Kent, premised on "better cultivation methods" which "envisaged the doing away with shifting cultivation to single production units". This involved "a changeover from vertical to horizontal planting, the introduction of better yielding crops of higher nutritional status and crop rotation following the accepted pattern of legumes, greens or leaf crops and root crops". Quoting Murray's 1949 warning of the "undesirable political repercussions" should the Administration impose "on the people ... a compulsory agrarian revolution",¹¹² development policy, according to Kent, recognised that intervention "should be a rationalisation of the present traditional agricultural system involving the rotation of crops coupled with the rotation of land instead of the old land rotation system".¹¹³ Subsistence/commercial crops introduced included European root and vegetable crops, legumes and peanuts. Peanuts were of particular significance not only for their nutritional content, but also for their "immediate cash return"¹¹⁴ to growers. Inter-planted with immature coffee trees, peanuts provided an annual cash income, or a platform for commercialisation, while waiting for the former to begin bearing. In 1954/55, 28 tons of shelled peanuts were collected for sale by the Administration from the Upper Asaro area as part of the strategy for promoting indigenous coffee production.¹¹⁵

The early programme for intensifying subsistence agriculture was never envisaged as a strategy separate from state plans for expanded indigenous commodity production. Consequently, the promotion of commercial coffee production after 1953 did not signify a new programme, or a shift in emphasis. Rather, having reduced the labour time involved in subsistence agriculture, household coffee production represented a shift in the application of labour within what was essentially a single scheme for expanding smallholder

¹¹¹ *Report to the General Assembly ... New Guinea, 1963-64*, p.63.

¹¹² see Murray, 1949, p.54.

¹¹³ Kent, Upper Asaro Patrol Report No.8 1956/57: PNGNA.

¹¹⁴ Healy, Upper Asaro Patrol Report No.10 1954/55: PNGNA.

¹¹⁵ Kaad, Goroka Patrol Report No.2 of 1954/55 (Comment), 10 September 1954: PNGNA.

agriculture. Thus, Native Affairs Officer N.M. Tolhurst, whilst noting that “few men” in the Upper Bena area “show[ed] any interest as yet in cultivating cash crops”, advised that there was “no need to unduly hasten their thoughts in this direction [for] their general agricultural methods must first be improved”.¹¹⁶

Exemplifying the colonial state’s efforts to intensify household labour through existing social forms, was the Administration’s intervention in the breeding and production of pigs. A traditional source of wealth and of accumulated labour time in the Highlands, four centres were established in the Eastern Highlands where households could bring their sows to be mated with advanced-breeding boars, whilst mobile stores were constructed so as to transport boars to villages for the purpose of up-grading stock.¹¹⁷ Given the assumption that “the natives ... do not seem to realise the commercial value of their pigs”, that “they are kept more as family pets than as a money making project”,¹¹⁸ extension efforts did not, initially at least, seek to commercialise pig production. Rather, the aim was to lower household labour time engaged in their production, thereby increasing the time available for food production, whilst also reducing the amount of land used for grazing. In this sense, to repeat an earlier quote, “reform meant attention to breeding stock as well as to feeding and rearing methods, and control of diseases which had periodically decimated herds”.¹¹⁹ In the immediate post-war period, attempts to eradicate anthrax were combined with a programme for encouraging the enclosing of pig herds and impressing on the owners “the necessity for efficient feeding”.¹²⁰

The initial promotion of indigenous agriculture in the Highlands did not, of course, take place outside the broader concepts of development and trusteeship. In the context of colonial practice, the former was invoked not as an immanent process, but rather as the conscious intent (i.e. trusteeship) to protect “the village” against the processes which threatened to ‘corrupt’ this abstracted definition of ‘community’, or the medium through

¹¹⁶ Tolhurst, Upper Bena Bena Patrol Report No.5 1953/54: PNGNA.

¹¹⁷ *Report to the General Assembly ... New Guinea, 1963-64*, p.75; see also Gauci, Southwest Henganofi Patrol Report No.11 1953/54: PNGNA; and MacWilliam, 1992, p.139.

¹¹⁸ J.R. Egerton, Cadet Veterinary Officer, Report attached to, Healy, Lower Asaro Patrol Report No.12 1954/55: PNGNA.

¹¹⁹ MacWilliam, 1992, p.139.

¹²⁰ J.R. Egerton, Cadet Veterinary Officer, Report attached to, Healy, Lower Asaro Patrol Report No.12 1954/55: PNGNA.

which development was to be secured. At district level, this aspect of colonial trusteeship permeates throughout the patrol reports for the Goroka Sub-District. Concerned that indigenous society would be transformed into a “peasant rabble” should aspects of ‘tradition’ be negated without an “adequate replacement”,¹²¹ the corollary that state trusteeship was to be secured, as Murray put it, “by a discerning and watchful Administration”,¹²² was predictable. In the Highlands, the first to be criticised for threatening the Administration’s definition of indigenous ‘community’ were the missions.

For Native Affairs Officer J.H. McArthur, it was “common knowledge that missions have a penchant for ousting native custom; and history has proved that these things can be interfered with only at a certain expense, which, unfortunately, seems to rebound on the natives”. McArthur was concerned that the Lunugu people (Mount Karimui), “fired with an excess of religious zeal”, had ceremoniously burned their sacred flutes. Quoting anthropologist R.E. Read on the centrality of the flutes to Lunugu custom and social organisation, McArthur concluded: “I am not advocating that the natives should remain pagan - these and other customs will eventually have to go; but I think it is too early for these natives to give away this custom, and will result in their becoming a peasant rabble”.¹²³ Ten months later, and epitomising the Administration’s perception of indigenous ‘community’, McArthur reflected that “past experience has shown that every disturbance in the area of any importance was the result of an *introduced cause*”. “With these thoughts in mind, and the ultimate welfare of the people”, the Native Affairs Officer “recommend[ed] that missions be restricted from entering the area”.¹²⁴

McArthur’s concerns were similarly expressed by R. Cleland. Patrolling the more ‘advanced’ Asaro area, he expressed concern that the people were being “forced to discard customs which before the missions and the white man came went to make for a balanced social set-up”. The Administration’s objections to certain mission activities, particularly in areas relatively untouched by economic development, were indicative of the premise that

¹²¹ see McArthur, Mount Karimui Patrol Report No.1 1952/53: PNGNA.

¹²² Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

¹²³ McArthur, Mount Karimui Patrol Report No.1 1952/53: PNGNA.

¹²⁴ McArthur, Mount Karimui Patrol Report No.12 1952/53: PNGNA (my italics).

“there seems to be little that we can at present give these people to replace what they are giving up”.¹²⁵ Whereas Christianity during the inter-war period, was itself officially sanctioned as a replacement of tradition, in the post-war period, state-sponsored development and the welfarist agenda which underpinned it, enunciated “the preservation of the village and the continued attachment of natives to their villages” as affording “the best setting in which social, economic and political advancement can take place”.¹²⁶ Insofar as missionary encroachment took place outside the immediate control of the colonial state, its potential for undermining this abstracted definition of ‘community’ and hence, of development itself, was explicit.

However, whilst the entry of missionaries into the Highlands unfolded outside the immediate control of the state, in a typically contradictory twist, the principal forms undermining “the village” as the site of indigenous development evolved from within the Administration itself - namely, the Highland Labour Scheme and the commodification of indigenous production. With respect to the first, confronted in 1950 with a chronic labour shortage for both administrative and plantation reconstruction, the Australian Government and the United Nations Visiting Mission approved a Territory proposal to allow Highland labour to be contracted for employment on the coast. In the words of Downs:

The increase in manpower transformed the economic potential of Papua and New Guinea and led to a general expansion of the economy. At the same time the social, political and economic situation of 500,000 previously isolated highland people was affected in ways which soon forced the Administration to give particular attention to the development of their home areas.¹²⁷

Through an attestation centre in Goroka and later in Mount Hagen, the Administration controlled the recruitment and the repatriation of all Highland labour. Initially restricted to a term of one year (at which point the labourer was to be repatriated at the expense of the employer) in 1951 the term of employment was extended to eighteen months with the provision that the period of engagement may be extended for a further six months.¹²⁸

¹²⁵ Dwyer, Karimui and Po River Patrol Report No.3 1960/61: PNGNA.

¹²⁶ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

¹²⁷ Downs, 1980, pp.47-48.

¹²⁸ Spender, *Commonwealth Debates*, 1 June 1950, pp.3641-3642.

Reflecting the lack of economic opportunity in the Highlands, initial demand for the scheme was high. Restricted to recruiting 33% of “able-bodied” men from any one particular village, in 1954/55 Patrol Officer R.H.C. Mellor, reported that in the Western Goroka area “most of the villages are fully recruited, but young men are so eager to go away and work that it would be possible to recruit every able-bodied man in some villages”.¹²⁹ However, demand was uneven. Reporting on Eastern Bena in 1953/54, Fowler noted that the majority of labourers absent from their villages came from areas where “very few cash crops are grown” and where “the people appear to depend mainly on this type of income [contract labour] to obtain European goods”.¹³⁰

The scheme and its effects on indigenous social order was not without its critics. Reporting on the repatriation of labourers from the Asaro Valley in 1952/53, Patrol Officer H.L. Williams, stated that he was “of the firm opinion that the adventures of these young men on the coast have not been to their benefit and that the advantages of obtaining a somewhat broader outlook - though it is not seen that cutting copra or tapping rubber is an education in itself - are heavily outweighed by the disadvantages ... which have resulted from their long absence from their own country”. Citing such disadvantages as the returned labourers “casual attitude towards their elders” and their “bewilderment which has followed on their discovery of vastly changed family situations”, the Native Affairs Officer recommended unsuccessfully “that the extension of the term of Agreement to two years should not apply to Highland natives in coastal employment”.¹³¹ Similar concerns were raised by Native Affairs Officer J.L. Thyer. Patrolling the Southern and Eastern Asaro Census Division he noted “that considerably more than 50% of the women married to labourers away on the coast are unfaithful, and marry another man during their husband’s absence”. Citing a breakdown in village social organisation, he recommended that “the term of contract ... [be] decreased to one year only for Highland labour”.¹³²

Indicative of the Administration’s sensitivity to the contradictions inherent in the Highland Labour Scheme, was the official concern expressed when Patrol Officers used

¹²⁹ Mellor, Western Goroka Patrol Report No.3 1954/55: PNGNA.

¹³⁰ Fowler, Eastern Bena Patrol Report No.8 1953/54: PNGNA.

¹³¹ Williams, Asaro Patrol Report No.7 1952/53: PNGNA.

¹³² Thyer, Southern and Eastern Asaro Patrol Report No.8 1952/53: PNGNA

the word 'recruit' instead of 'volunteer'. Citing the absence on a head tax, Acting District Officer W.E. Tomasetti, cautioned his officers not to use "the word 'recruit' in relation to H.L.S. [Highland Labour Scheme]volunteers".¹³³

The rapid growth in smallholder coffee production acted to check the appeal of the Highland Labour Scheme. In 1963/64 Patrol Officer M. Bell, reported that for the Lova area "the older men expected the younger men to stay and help with cash-cropping". Hence, the "response to the call for recruits for the H.L.S. was poor".¹³⁴ A year later, W. Molony expanded:

In nearly every case when the request for volunteers was made the people laughed and said 'We do not want to be labourers cutting grass on the coast. We have our own coffee up here and we are very busy working up here and we can earn money with coffee'.¹³⁵

In other words, state plans for expanding indigenous coffee production had acted to break the link between migratory labour and household consumption. As Native Affairs Officer F.C. Anglin put it, "a higher return can be shown by remaining in the village and tending coffee" and as a result, "no volunteers are coming forward".¹³⁶ Moreover, differentiation and the emergence of a class of 'large peasants', prompted further opposition to migratory labour insofar as it reduced the availability of local labour power for coffee production. Thus, in 1964/65 Native Affairs Officer R.W.S. Donne, reported that in the Asaro Valley "village elders and Local Government Councillors ... had forbidden all eligible men to work on the coast - because of a feared labour shortage in the area".¹³⁷ Reflecting this shrinking Eastern Highland/Chimbu labour reserve, in 1958 a second attestation centre was established at Mount Hagen to recruit labourers from the relatively undeveloped Southern Highlands.¹³⁸

¹³³ Tomasetti, No.11 1957/58 Labogai (comment), 11 August 1958: PNGNA.

¹³⁴ Bell, Lova Patrol Report No.8 1963/64: PNGNA.

¹³⁵ Molony, Lova Patrol Report No.13 1964/65: PNGNA.

¹³⁶ Anglin, Bena Bena Patrol Report No.12 1966/67: PNGNA.

¹³⁷ Donne, Asaro Patrol Report No.17 1964/65: PNGNA.

¹³⁸ Dalziel, Costs - Highland Labour Scheme, 29 March 1966: PNGNA a.110 b.7594 f.58-8-12 Part.1.

In an interesting article entitled 'From Proletarian to Entrepreneur to Big Man', John Finch describes how one indigenous coffee grower, Noya, viewed his time under contract as "working for free", in that, wages in 1960 totalled "a meagre ... fifteen to twenty dollars a month". According to Finch, "for Noya, as for many of his generation, the escape from 'working for free' in Kainantu came through growing coffee".¹³⁹ Whilst Noya went on to accumulate substantial interests in both the production and sale of coffee, his initial move from contract labourer to smallholder producer is indicative of a more general development: that is, in the Highlands the 'right' to labour power was extended through coffee to include the 'right' to property, or the 'right' of producers to reproduce their means of subsistence through the production and consumption of commodities. "In this sense", as Cowen writes on Kenya, "property right is exercised as much by labour as by capital against labour".¹⁴⁰ As Noya explained to Finch:

If I had just worked in town, I don't think that I could have done it. I worked for the white man with one hand, and when I looked at this hand, there was just a little money and it got lost right away. My other hand went to the village. I used this hand on the land and it seemed to me that the village side had money, quite a lot.¹⁴¹

In 1968/69, figures collected by Native Affairs Officer D. Abbs, for the Bena Bena Census Division, showed that returns to labour derived from coffee totalled \$240,000, compared to \$94,208 received as wages. Further, out of a total population of approximately 16,605, only 657 people were absent as wage workers.¹⁴² The point that coffee acted to break the link between migratory labour and household consumption, at least in Bena Bena, was thus explicit. As Abbs put it: "adult males, consider rural wages too low and can in fact earn more with less effort involved, on their own land".¹⁴³

As early as 1952/53, concerns were being expressed at the availability of land for indigenous cash-cropping and hence, the potential impact of European agricultural settlement on the scheme of smallholder production. In that year, McArthur, reporting on

¹³⁹ Finch, 1997, p.125.

¹⁴⁰ Cowen, 1981, p.63.

¹⁴¹ Finch, 1997, p.130.

¹⁴² Adds, Bena Bena Patrol Report No.3 1968/69: PNGNA.

¹⁴³ *ibid.*

the Mount Karimui area, advised that “although in the Oroguti valley there is land suitable for European agriculture, I doubt whether it could be made available without being detrimental to native interests”.¹⁴⁴ R.H. Desailly advanced a similar conclusion for the Kamanuntina/Gafutina area, arguing that “no sizeable portion of land could be alienated without adversely affecting the interests of the natives”.¹⁴⁵ The problem, as Native Affairs Officer K.W. Dwyer put it, was “largely a matter of policy”. Reporting on the Asaro/Runumbei area, he advised “that the future needs and intentions of the Runumbei people are largely dependent upon the extent to which the Administration is prepared to assist them in organising the production and marketing of cash-crops on their own behalf”.¹⁴⁶ This assistance, or the application of trusteeship, came with the decision to actively intensify indigenous coffee production. The corollary, not only with respect to restrictions on European settlement, but also on the commodification of indigenous landholdings, was predictable. As Native Affairs Officer P. Healy, reported for the Bena Bena area in 1954/55, “land disputes are recurring much more frequently now as people are becoming more alive to the value of land”.¹⁴⁷ Attributing this embryonic form of valorisation to “land alienation, coffee planting and re-forestation”, Downs noted that the emerging “land situation carried with it the possibility of future unrest”.¹⁴⁸ Two years later, McArthur, in a report which pointed to the deteriorating relations between indigenous Lower Asaro households and expatriate settlers, expressed concern at what he described as “reveal[ing] a danger mark”, namely: “cash-cropping is causing increasing individualisation of land, and increasing the value of land”.¹⁴⁹ In short, the ‘right’ of households to occupy land for subsistence had acquired a form separate from the land itself. That is, returns on labour power, or the ‘right’ of producers to the means of subsistence, found expression in the returns (means of consumption) that land yielded through coffee.

In May 1953, Downs wrote to Henderson stating that “the contribution that a native coffee industry could make to the District would be profound if it is properly developed”,

¹⁴⁴ McArthur, Mount Karimui Patrol Report No.1 1952/53: PNGNA.

¹⁴⁵ Desailly, Kamanuntina/Gafutina Patrol Report No.2 1952/53: PNGNA.

¹⁴⁶ Dwyer, Asaro/Runumbei Patrol Report No.3 1952/53: PNGNA.

¹⁴⁷ Healy, Bena Bena Patrol Report No.5 1954/55: PNGNA.

¹⁴⁸ Downs, Patrol Report Goroka No.5 of 1954/55 (comment), 14 December 1954: PNGNA.

¹⁴⁹ McArthur, Lower Asaro Patrol Report No.11 1956/67: PNGNA.

and to this extent “it can be said with authority and without exaggeration that the need for two [agricultural] officers is absolutely essential”.¹⁵⁰ Cottle was joined by P. Came in 1953, forming the basis through which the Administration activated its programme for encouraging household coffee production. Initially, departmental policy was “to ensure that the minimum native plantings is to be three hundred trees”.¹⁵¹ This however, was seldom the case. Conducting a 1956/57 coffee survey of the Lowa Census Division, McArthur noted:

A total of 55,283 coffee trees have been planted. This represents an acreage of 110, on the basis of 500 trees to the acre. If a grower nets a return of £200 per acre, the total revenue for the Sub-Division would be £22,000.¹⁵²

However, of the 185 growers listed, only 35 had plots containing more than 300 trees, whilst six had in excess of 1,000 trees. For one of the group surveyed, the Yufigufa, the number of trees per grower ranged from 2 to 1,170. Thus, whilst the average for the group was 185 trees, the median at 92 fell somewhat short of the minimum target of 300 trees per grower.¹⁵³ In accounting for this uneven distribution in plot size, G.T. Harris noted that “big men were the first to begin coffee plantings in their villages ... the pattern that emerges is for big men to plant coffee and to be followed, between two and three years later, by a wave of plantings by ordinary men”.¹⁵⁴ For the period 1956/57 to 1965/66, figures suggest that this second wave was substantial: by 1965/66 the average number of trees per grower in the Lowa Census Division had increase to 441, whilst indigenous households engaged in coffee production, totalled 28,989.¹⁵⁵

Underpinning this rapid commercialisation of indigenous production was the co-ordination through the state, of a roading network. In 1954, Journalist Osmar White, reported for the *Melbourne Herald* that “primitive New Guinea villagers, working under the direction of Australian Patrol Officers, have just completed building more than 250 miles of jeep road from Gusap, once a war-time base on the Upper Ramu River, into the

¹⁵⁰ Downs, Native Grown Coffee, 14 May 1953: PNGNA a.247 sn.361 b.230 f.3/4/8/9.

¹⁵¹ Barrie, Control of Coffee Plantings, 22 March 1956: PNGNA a.12 b.16.709 f.23-3-31.

¹⁵² McArthur, Lowa Patrol Report No.11 1956/57: PNGNA.

¹⁵³ *ibid.* Figures provided did not cover growers at Lapeigu, Kabiufa or Kataravo.

¹⁵⁴ cited in Donaldson and Good, 1981, p.151.

¹⁵⁵ Donaldson and Good, 1981, p.151.

heart of the Central and Western Highlands". He added: "it was built by tens of thousands of black hands wielding only pointed sticks and crude wooden spades".¹⁵⁶ Coerced into supplying labour power not only for construction, but also for on-going maintenance under the *Roads Maintenance Ordinance 1953*,¹⁵⁷ labour was both intense (at its highest point the Gusap to Mount Hagen road climbed to over 2,400 metres) and unpaid. For example, Native Affairs Officer A.R. Swinton, described the "method of work" on the Henganofi/Kainantu section of the road as follows:

On the road, the younger men did the digging work, while the women and older men voluntarily assisted with carrying. The men cut and pulled the timber, and built the bridges, while the women put stones on the road. The method they used for breaking a large rock was firstly to light a fire next to it, and then when hot pour cold water over it. The men generally worked through to 5pm and the women to 4pm.¹⁵⁸

Contrary to popular belief, the origins of the roading scheme in the Eastern Highlands came not from Downs, but, according to Hasluck, "in a conversation between Cleland and myself", the result of which "was a ministerial direction that each District Commissioner was to be instructed to encourage and direct the building of roads in his district according to the needs and opportunities of his district, [and through] gaining the co-operation of the local people to provide labour".¹⁵⁹ Although acknowledging that the provision of a cheap, albeit limited, roading network benefited the expatriate settler, for Hasluck, the fact that this network was built through "voluntary" (*read* coerced) labour meant that the Administration "must regard the villages as having a prior interest in the road". For the Minister, "their purpose is chiefly administrative and they are developmental roads only in the sense that they provide access". That is, "the co-operation in building and maintaining a road, the use of the road in bringing services to the villagers, the establishing of assembly

¹⁵⁶ 'Natives Built Road with Fire and Sticks', *Melbourne Herald*, 12 January 1954: PNGNA a.247 sn.350 b.208 f.1-18-1-197.

¹⁵⁷ The *Road Maintenance Ordinance 1953* specified that "the maintenance of a secondary road shall be carried out by the occupiers of the land adjoining the road, so that the occupier of the land is responsible for the maintenance of the length of road adjoining that land" and that the "Native community furnish such assistance, whether by supplying labour or otherwise, as the Administrator seems just"; see *Road Maintenance Ordinance 1953, Laws of the Territory of Papua and New Guinea* (annotated) Vol.1, p.673.

¹⁵⁸ Swinton, Henganofi/Kainantu Patrol Report No.11 1955/56: PNGNA.

¹⁵⁹ Hasluck, 1976, p.148.

points on it, and the use of the road by natives in travelling and transporting their produce could establish it both as a symbol and as a demonstration of the benefits of Australian administration".¹⁶⁰

In the Eastern Highlands, administration and development were, of course, synonymous, in that both expressions of trusteeship were secured through the construction and supervision of a modern smallholding coffee sector. The result, that the provision of roads was not only regarded as essential for intensified state supervision (i.e. administration), but also for development itself, was thus predictable. Indeed "general policy", according to Downs, was "to confine native coffee growing as much as possible to areas served by roads so that *regular supervision* can be easily maintained at all stages of plant growth".¹⁶¹ For the comparatively isolated Unggai Census Division, this meant that coffee growing was actively discouraged. As Assistant District Officer H.W. West, explained:

it is undesirable to encourage cash crops until the area [Unggai] is accessible to technical officers and especially transport for the removal of produce. For the moment please concentrate your [Cleland] effort on the introduction and extension of such crops as peanuts, soya bean etc., which will improve the diet and agricultural practice of the people themselves.¹⁶²

The provision of transport was thus administrative insofar as it rendered indigenous households more accessible to state supervision, whilst providing the requisite condition for the realisation of that supervision - namely, the purchase and marketing of indigenous coffee. To illustrate this latter point, in 1964/65 Goroka Coffee Producers, whose purchasing of indigenous coffee was restricted to areas serviceable by roads, purchased 1,274 tons of coffee cherry and 546 tons of parchment, at a monthly average of 237,821 lb. and 101,989 lb. respectively.¹⁶³ Conversely, direct purchase by the Department of Agriculture in areas inaccessible to European buyers totalled only 32.5 tons of indigenous produced parchment.

¹⁶⁰ Hasluck, Roads: Eastern Highlands District, 5 August 1954: AA M1776/1 Vol.7.

¹⁶¹ Downs, Goroka Patrol Report No.1 of 1954/55 South West Henganofi Census Division (comment), 14 July 1955: PNGNA (my italics).

¹⁶² West, R.D.M Cleland Report No.3 of 1955/56 Unggai (comment), 11 January 1956: PNGNA (my italics).

¹⁶³ Coffee Statistics (Indigenous) for the Year 1 July 1964 to 30 June 1964, Goroka Coffee Producers Ltd.: PNGNA a.1054 b.18.506 fz.4-1-19 Part.1.

Coffee production did however, enter the Unggai Census Division. Moreover, the reason for its introduction (see below) and the involvement of the Department of Agriculture in the direct organisation/supervision of production and marketing, exemplified the agrarian intent underpinning the Administration's extension programme.

Coffee production and marketing in the Unggai Census Division was organised on the basis of a 'rural progress society'. Developed by Cottrell-Dormer as an "intermediate and simple form of organisation" through which to supervise the Meko Rice Project, the aim of each society was to "provide a means whereby relatively primitive communities may be organised for the purpose of adopting methods and techniques which will enable them to exploit their natural resources to better advantage and by these means to improve their living standard".¹⁶⁴ Rural progress societies differed from co-operatives (see Chapter Seven), in that, they were concerned solely with the production and marketing of agricultural commodities. The Unggai Trading Society commenced operation in January 1963. The aim of the Society, was "the improvement of growing techniques and marketing facilities and the promotion of coffee growing and the instituting of elementary business principles".¹⁶⁵ The society was run on a paid-up share basis at £5 per share, of which the share capital collected was used to purchase equipment, installed at Watarigu and Yaviyufa, for processing coffee to parchment stage.¹⁶⁶

As noted, the Department of Agriculture withdrew in 1956/57 from purchasing indigenous coffee in areas readily accessible to expatriate buyers, thereby restricting the provision "of marketing services by direct purchasing from the producers" to those "on the fringe of developed areas".¹⁶⁷ In 1963/64 the Department purchased 15 tons of parchment coffee from the Unggai Trading Society¹⁶⁸, increasing to 20 tons in 1964/65.¹⁶⁹ The reason

¹⁶⁴ Cottrell-Dormer, Native Rural Progress Society - An Experiment in Social and Economic Development, Address by Director of Agriculture, Stock and Fisheries to the Conference of District Officers, 17 September 1949: PNGNA a.247 b.320 f.35-8-1.

¹⁶⁵ Bell, Unggai Patrol Report No.7 1963/64: PNGNA.

¹⁶⁶ O'Conner, Unggai Patrol Report No.15 1962/63: PNGNA.

¹⁶⁷ Report on the Advancement of Native Agriculture for the Year Ending 30th June 1960: PNGNA a.12 b.16.664 f.19-1-9c Part.2.

¹⁶⁸ Boniwell, Highlands Produce Buyers, 30 August 1963: PNGNA a.12 b.16.247 f.1-2-2.

why the Department of Agriculture provided this incentive during a time of global over-production (see below), was due to the over-recruitment of labour power from the Unggai region. As mentioned, the recruitment of labour was restricted by the Native Labour Ordinance to 33% of “able-bodied” men from any one particular village. In 1961/62, Native Affairs Officer K.W. Cleary, confirmed that for the Unggai Census Division 35% of males aged between 16 and 45 were engaged in wage labour, of which only 9.5% were employed locally. Accordingly, “the Department of Agriculture has had numerous field workers in the area over the past two years and as a result the people have become very coffee conscious”.¹⁷⁰ Indeed, between 1958 and 1960 the total number of coffee trees in the area increased from 45,000 to 121,000. The intent, in other words, was to provide an alternative to wage labour or, following the more developed census divisions, to break the link between migratory labour and household consumption. However, due to falling returns from coffee and resulting in a lack of member support, the Unggai Trading society was declared defunct in February 1968 after only 10 tons of parchment coffee was purchased in 1966/67.

To repeat an earlier quote from McArthur, “economic cash cropping is causing increasing individualisation of land”. Expressed in the context of a report which pointed not only to the “increasing value of land”, but also to tensions between indigenous households and expatriate settlers, the above comment by McArthur highlighted the broader tensions implicit in the agrarian doctrine as the production of coffee began to occupy an increasingly important place in the reproduction of household consumption.¹⁷¹ Beginning in 1956, global returns from coffee for both small and largeholders, began a long decline, albeit interrupted by “periodic increases induced by frosts in Brazil, the world’s largest exporter of coffee”.¹⁷² Having discussed the form of trusteeship through which the production of coffee was incorporated into the household labour process, the next section explores how this form was refashioned by the Administration in light of changing global conditions.

¹⁶⁹ Unggai Trading Society Coffee Statistics for the Year 1 July, 1964 to 30 June 1965: PNGNA a.1054 b.18.506 fz.4-1-19 Part.1.

¹⁷⁰ Cleary, Unggai Patrol Report No.1 1960/61: PNGNA.

¹⁷¹ McArthur, Lower Asaro Patrol Report No. 11 1956/57: PNGNA.

¹⁷² Timms, 1996, p.131.

6.5

The Politics of Coffee

By 1960 the patrol reports for Bena Bena, Asaro, Watabung and Lowa all testified to the dominant position of coffee in meeting what was an expanding mass of necessary commodities for household consumption. For example, writing on the Upper Asaro Census Division in 1962/63, Native Affairs Officer B.J. Keen, noted that the “people have accepted cash cropping as the basis of their economy, rather than as a supplement to wage labour”.¹⁷³ The corollary, that “more attention must [therefore] be paid to their particular marketing problems”, was indicative of the end of the post-war boom and the changing conditions which confronted the Administration in ensuring adequate returns to indigenous households. Indeed, declining prices for coffee meant, in the words of Native Affairs Officer C.P. Allen, that growers in the Asaro area were “beginning to feel disillusioned at the rewards in proportion to effort”.¹⁷⁴

Prior to the signing of the International Coffee Agreement in November 1962 (see below), Conroy described the situation confronting the Territory’s coffee industry as follows:

By late 1958 and certainly early in 1959, it had become apparent that our coffee industry, while just reaching the stage of expanding production, would experience a protracted period of very difficult marketing conditions. An enormous world coffee surplus was accumulating rapidly and a period of “cut-throat” selling had already taken place, while Australia, in keeping with other world trading powers, had abandoned its policy of quantitative restrictions, which to that time had provided admirable shelter for the Territory industry.¹⁷⁵

In a letter to Downs dated 6 February 1959, Gunther emphasised with regard to the emerging crisis that “the particular interest of the Government ... lies in its duty to ensure

¹⁷³ Keen, Upper Asaro Patrol Report No.6 1962/63: PNGNA.

¹⁷⁴ Allen, Upper and Lower Asaro Patrol Report No.9 1960/61: PNGNA.

¹⁷⁵ Conroy, Highlands Land Policy - International Coffee Agreement, 5 August 1963: PNGNA a.1054 sz b.18.509 fz.12-1-51.

that the native crop is sold, not just at an economic price to native producers, but at the best possible price that can be got from the market". Given the fact that government policy regarding expatriate coffee stated that "crops are the property of the people who produce them and the selling is their responsibility",¹⁷⁶ the Assistant Administrator's comments attested to the primacy accorded to smallholder production in directing the Administration's attempts to secure a market for the indigenous product. As Cowen and Shenton note, "state marketing boards, the nationalisation of property, state-directed industrialisation, and state-regulated smallholding schemes of production" exist as "hallmarks of state development".¹⁷⁷ In the context of Papua New Guinea, it is the refashioning of the first as a means for reaffirming the Administration's supervisory control over the last, which concerns us here.

In April 1962 the Australian Tariff Board, instructed by Hasluck to give "due regard to the Commonwealth's responsibility for the Territory of Papua and New Guinea", recommended that metropolitan merchants "obtaining 25 per cent of their coffee requirements from Papua-New Guinea" be remitted 2 pence per pound and "that all the duty [5 pence per pound] should be remitted for those users obtaining 30 per cent of their requirements from Papua-New Guinea".¹⁷⁸ Although failing in its recommendations to distinguish between expatriate and indigenous growers, the report did however, give expression to the contradictions implicit in the Administration's programme of dual development. Whilst suggesting "that European settlers attracted into these areas perform a valuable function", the report recommended that in light of the "world coffee situation ... any assistance given to Papua-New Guinea should be to encourage only existing plantations to reach their optimum level of output".¹⁷⁹

With regard to controlling the rate of indigenous plantings, the centrality of coffee to the Territory's political economy and its expansion beyond the Eastern Highlands into Chimbu and the Western Highlands, meant that the Administration could do little more than

¹⁷⁶ Gunther to Downs, 6 February 1959: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

¹⁷⁷ Cowen and Shenton, 1996, p.293.

¹⁷⁸ Tariff Board's Report: Coffee, *Commonwealth of Australia Parliamentary Papers*, Vol.20, 1962-63, pp.3, 14.

¹⁷⁹ *ibid.*, pp.13,14.

withdraw from actively promoting coffee as an economic crop.¹⁸⁰ In 1956/57 Kent reported that “basing their decision on the hypothesis that the amount of coffee already under cultivation precludes the possibility of additional plantings being successful long range economic projects, the Agriculture Department no longer recommends coffee as a native cash crop”.¹⁸¹ Writing in the same year, Assistant District Officer I.A. Holmes, justified this ‘restrictive’ policy on the basis that “the long term native situation ... requires that Administration encouragement be restricted to crops for which there is an assured, long range, economic return”. To this extent, “current Highlands coffee plantings postulate a supply well in excess of known market demands”.¹⁸²

The Administration’s officially stated withdrawal from coffee extension has led to the view, exemplified by D. Densley, that the period 1963-1968 was one of “self-generated smallholder production ... in a situation where field staff had little influence on coffee plantings”.¹⁸³ However, the degree to which such plantings proceeded outside the Administration’s scheme of indigenous smallholder production needs to be approached with caution. In May 1967, Assistant District Commissioner O.K. Alder, put the restrictive policy into context when he responded to suggestions that “increased development of coffee is being discouraged by the Department of Agriculture”, by stating that “the fact that further plantings are not being encouraged does not mean they are being discouraged”. Indeed, “new plantings are continuing”.¹⁸⁴ Alder’s comments were reinforced by a confidential submission to the Australian Cabinet which maintained that “the present situation is that native growers are neither being encouraged nor discouraged to increase plantings”. However, formal restrictions were applied, insofar as “no new land has been allocated for coffee growing by expatriates since 1959”.¹⁸⁵

¹⁸⁰ Densley, n.d., p.3.

¹⁸¹ Kent, Upper Asaro Patrol Report No.8 1956/57: PNGNA.

¹⁸² Holmes, Patrol Report Goroka No.10 1956/57: Mr. E.R. Johnson, P.O. South West Henganofi Census Division (comment), 15 April 1957: PNGNA.

¹⁸³ MacWilliam, 1992, p.141.

¹⁸⁴ Alder, Patrol Report No.13 1968/69: Mr. J. Vandenberg, Lowa Census Division (comment), 29 May 1969: PNGNA.

¹⁸⁵ Cabinet Submission, International Coffee Agreement, 20 October 1967: AA A1838/1 704/13/3 Part.8.

After 1959, declining returns to households from coffee acted to heighten, or bring into the open, the underlying tension between large and smallholding forms of production. As suggested above, unable to forcibly restrict increases in household output, additional restraints were imposed on largeholding operators.¹⁸⁶ As Conroy explained: “the sole restriction which has been proposed is not to provide additional alienated land for development with coffee either by indigenous or expatriate producers”.¹⁸⁷ Given that indigenous production of arabica coffee on leasehold land was non-existent, the sole object of this restriction was clear. As Cleland explained:

At present we can place 3,000 tons of coffee in Australia without impacting on the structure of that market, and we have an exemption of up to 6,000 tons on markets outside Australia. Production this season will reach 4,800 tons, rising to over 6,000 tons next year and reaching 10,000 during the period of the Agreement [i.e. International Coffee Agreement] from present and committed plantings. Coffee consumption is rising in Australia, and our market there can probably grow to *meet the needs of the increasing native production*, but certainly not fast enough to absorb production of any new European settlers ... One economic European area will produce more than 50 tons of coffee - a tonnage equivalent to the production of 100 to 150 fair-sized native growers. *Increased European participation in the industry could seriously impact the development of native cash cropping in the Highlands.*¹⁸⁸

Thus, “the only practical method of control”, Cleland concluded, “is to cease granting further leases to Europeans, and manipulate the growth rate in the native sector by variation of extension pressure”.¹⁸⁹ Further, implicit in the Administrator’s comments above, was the intent to tie indigenous production with consumption in Australia. This, combined with the proposed restrictions to expatriate coffee production, represented the cornerstone through which the Administration sought to secure its supervisory control over household production *vis-à-vis* the International Coffee Agreement.

¹⁸⁶ MacWilliam, 1992, p.142.

¹⁸⁷ Conroy, Highlands Land Policy - International Coffee Agreement, 5 August 1963: PNGNA a.1054 sz b.18.509 fz.12-1-51.

¹⁸⁸ Cleland to Lambert, 15 March 1963: PNGNA a.1054 sz b.18.509 fz.12-1-51 (my italics).

¹⁸⁹ *ibid.*

In 1960, the Australian Government entered the negotiations for an International Coffee Agreement with the intent of obtaining a market capable of accommodating the projected expansion of household output.¹⁹⁰ In particular, it argued that “in the case of a Trust Territory, administered as a responsibility to the Trusteeship Council of the United Nations, coffee shipped from such territories not exceeding the level of domestic consumption in the Metropole shall not be deemed to be export coffee nor subject to export quota limitations”.¹⁹¹ The Australian Government’s case for special consideration of a Territories Trust status under the Agreement, was shaped in opposition to the initial Draft Agreement, which threatened to impose not only restrictive export quotas on Papua New Guinea, but also require consumers (i.e. Australia) to import their coffee requirements from member countries only. In a brief to the Coffee Study Group, it was stated that such restrictions would have “very serious implications for the Territories of New Guinea and Papua and may jeopardise plans to increase coffee production in these areas”.¹⁹² The point being, that given a projected increase in total output from 3,000 tons in 1962 to 12,000 tons by 1970, the imposition of an export quota on Papua New Guinea at 1962 levels would have restricted coffee exports to a maximum of 3,000 tons, thereby necessitating the stockpiling of approximately 26,000 tons of non-registered quota over the period of the Agreement.¹⁹³

In 1962 Australian coffee imports (all types) were estimated at about 15,000 tons. Insofar as metropolitan imports exceeded Territory exports, the intent was to join the Agreement as a single importing member - that is, as Australia/Papua and New Guinea. In the words of Ian Cartledge, the assumption was:

that if Australia/P.N.G. joined as a single importing member, P.N.G. exports to countries other than Australia would not technically become subject to

¹⁹⁰ Concerned that partners to the Agreement “may ask whether the proposed increases in production will benefit European planters or natives”, the Australian delegation was instructed to highlight figures which showed “that well over 50% of coffee trees are owned by natives”, and that “the proportion of native owned coffee is increasing and in the future no further significant areas of land suitable for coffee will be alienated to Europeans”; Coffee Studying Group - Brief, March 1962: AA A3092/1 221/3/7/2/1.

¹⁹¹ Hall to Chairman of Coffee Study Group, 22 March 1962: AA A3092/1 221/3/7/2/1.

¹⁹² Coffee Studying Group - Brief, March 1962: AA A3092/1 221/3/7/2/1.

¹⁹³ Coffee - Papua and New Guinea - Production and Exports, March 1962: AA A3092/1 221/3/7/2/1.

quota limitations as long as Australia/P.N.G. remained a net importer of coffee. The text specifically provided that each contracting party together with those of its dependent territories to which the agreement was extended shall constitute a single member. An importing member was defined as a member or country which was a net importer of coffee; that is whose imports exceeded its exports. In other words, a legalistic interpretation was that while Australia/P.N.G. was a single importing member, P.N.G. exports were not subject to restrictions. Prospects were thus that P.N.G. could export up to the total of Australian imports of coffee (i.e. netting).¹⁹⁴

As Stewart notes, “the idea of ‘netting’ was never formally agreed to by the I.C.O. [International Coffee Organisation] although it was the manner by which Papua New Guinea conducted its coffee exports for the life of the 1962 I.C.A. [International Coffee Agreement]”.¹⁹⁵

As noted, quota restrictions on projected increases to Territory coffee output were rejected as unacceptable. Similarly, the classification of Australia under Article 14 of the Agreement as a new market and therefore qualified to receive exports not subject to quota restrictions, was rejected on the basis “that it would expose New Guinea and Papua to competition, in the Australian market, from heavily subsidised and dumped coffee”.¹⁹⁶ The 1962 Tariff Board Report noted “that in arabica areas a price of 2s. per 1 lb. for parchment coffee is required as a necessary incentive to native growers”.¹⁹⁷ It followed, that with respect to prices paid to households, the prospect of “competing against large coffee producers in the new market” was regarded as having serious social and political implications. Insofar as ‘netting’ essentially secured an upper limit fixed to 1968, for the marketing of Papua New Guinea coffee, its relative attractiveness was underlined by the strenuous and protracted campaign undertaken by the Australian delegation for its inclusion in the Agreement.

Anticipating difficulties in obtaining an exemption from quota restrictions based on the Territory’s negligible impact on total world production (less than 0.1% in 1962), the

¹⁹⁴ Cartledge, 1978, p.104; see also, Stewart, 1992, pp.94-95.

¹⁹⁵ Stewart, 1992, p.95.

¹⁹⁶ Coffee Studying Group - Brief, March 1962: AA A3092/1 221/3/7/2/1.

¹⁹⁷ Tariff Board’s Report: Coffee, *Commonwealth of Australia Parliamentary Papers*, Vol.20, 1962-63, p.11.

Australian delegation focused on the concept of trusteeship. Emphasising that “coffee is the only proven economic crop available for development on any scale in the Highlands of New Guinea”, the Australian delegation was instructed to “ensure that the delegates of other governments are aware of the problems associated with New Guinea and Papuan development, and of our reasons for seeking special consideration and provision of these Territories”.¹⁹⁸ The Australian delegation, supported by Brazil, were successful in having the following clauses included in the Agreement:

Article 38 (1) - the shipment of coffee from any of the dependent territories of a member to its metropolitan territory for domestic consumption therein shall not be considered as the export of coffee, and shall not be subject to any quota limitations.

Article 39 (2) - any trust territory administered under a trusteeship agreement with the United Nations whose annual exports to countries other than the Administration Authority do not exceed 100,000 bags [6,000 tons] shall not be subject to the quota provisions of the Agreement, so long as its exports do not exceed that quantity.¹⁹⁹

Assuming a market of 4,000 tons for arabica in Australia, the above articles effectively entitled Papua New Guinea to export 10,000 tons annually. Australia signed the International Coffee Agreement in November 1962, which came into effect in January 1964 following ratification by the United States, the largest importing country.

In order to secure markets for Papua New Guinea coffee, “reform at the international level”, as MacWilliam notes, “was coupled with a major reform of the colonial state”.²⁰⁰ In July 1961 Gunther warned “that the uncertain market prospects for Territory coffee will make for conflicts of interests, with political overtones, between indigenous and white coffee producers”.²⁰¹ In July 1964 the Coffee Marketing Board was established, to mediate between growers and international commodity markets, including the International Coffee Organisation. In particular, the Board was instructed to ensure a quantity of supply sufficient for Australian merchants to purchase 30% of their total requirements, as

¹⁹⁸ Coffee Studying Group - Brief, March 1962: AA A3092/1 221/3/7/2/1.

¹⁹⁹ cited in Cartledge, 1978, p.103.

²⁰⁰ MacWilliam, 1992, p.142.

²⁰¹ Gunther, Centralised Coffee Processing Facilities - Eastern Highlands, 15 July 1961: PNGNA a.12 b.16.709 f.23-3-31.

specified by the Tariff Board. Additional functions included the supervision of programmes directed at increasing the quality of household coffee and the stabilisation of prices paid to producers. The latter was essential because, as a report on the 1963 Combined Highland Native Local Government Conference noted, “fluctuating prices due either to market trends or the ruthless tactics of unscrupulous coffee buyers are not readily understood by the people”. To this extent, “the Bill for the formation of the Coffee Marketing Board ... will undoubtedly result in [the] control of coffee prices and marketing”.²⁰²

If there was some confusion as to the domain of the Coffee Marketing Board, then the Minister’s response to attempts in 1967 by Chairmen A.L. Hurrell, to bypass the Administration and obtain direct ministerial approval for the Board to act as a purchaser of last resort (i.e. stockpiling), left little room for doubt. Stressing the need for a long-term programme of price stabilisation, as opposed to responding to seasonal fluctuations, the Minister asserted that “Statutory Boards, though independent, are part of the governmental structure of the Territory and cannot operate in isolation from general governmental policies for the advancement of the Territory”.²⁰³ Consideration of a long-term programme for price stabilisation was preferred by the Administration as a means of fixing returns to indigenous households.

By 1967 the Administration was acknowledging, albeit in confidence, that “policy implications apart, it would be virtually impossible to impose controls on native growers which would successfully curtail production let alone cut it back”.²⁰⁴ In 1966/67 Territory coffee production totalled 16,000 tons and was projected to increase to 26,000 tons during the life of the second International Coffee Agreement (1968-1973). Assuming that total annual consumption in Australia was unlikely to exceed 21,000 tons, the corollary was predictable: “unless accommodation can be obtained for this production within the new Agreement, the excess of 5,000 tons [valued at \$3.5m] could not be exported and there

²⁰² Boniwell, Resolutions Combined L.G Councils Conference, 1 October 1963: PNGNA a.12 b.16.247 f.1-2-2 Part.2.

²⁰³ cited in Cartledge, 1978, pp.149-150.

²⁰⁴ Cabinet Submission, International Coffee Agreement, 20 October 1967: AA A1838/1 704/13/3 Part.8.

would therefore have to be some stockpiling, curtailment of plantings or a cut back in actual production”.²⁰⁵ Given the accepted inability to restrict indigenous production, the importance of securing accommodation for the projected increase in Territory coffee production was plain: it “would permit a continued though modest growth of native production”, the importance of which was seen to be “underlined by looking at the Government’s whole policy of economic development in the Territory”.²⁰⁶

Over-production in 1967 further underlined the implicit conflict in the Administration’s programme of dual development. Negotiations for the first International Coffee Agreement and the establishment of the Coffee Marketing Board gave expression to a major shift in the site of coffee production, in that, by 1963 output from indigenous smallholdings had surpassed that produced by expatriate plantation and estate owners.²⁰⁷ It followed, that both forms of marketing reflected the fact that the particular interest of the Administration centred almost entirely on ensuring that the indigenous crop was sold.²⁰⁸

The conflict between small and largeholders was predictably brought to the surface through the HFSA. In a letter to Conroy dated 5 July 1961, Downs, in an apparent departure from his earlier criticisms of the quality of the indigenous product,²⁰⁹ stated that “the native parchment is so good now that to reduce the price further would be robbery”. The problem, he continued, was that:

In the Association I am sitting on top of a volcano and in 30 days time there will be the gravest kind of native reaction. The coffee has never grown better. The processing by all has never improved so much. It is fantastic that coffee

²⁰⁵ *ibid.*

²⁰⁶ *ibid.*

²⁰⁷ MacWilliam, 1992, p.142.

²⁰⁸ Gunther to Downs, 6 February 1959: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

²⁰⁹ In June 1961 support for centralised processing were intensified with claims by Downs that it was impossible for “the natives to produce a consistent quality of coffee unless the Agricultural Department accepts the only successful practice overseas, that is, central facilities for pulping, fermenting, washing and drying of coffee”. He added: “50 percent of the [1960] crop ... was unsaleable” or, as Leahy put it, “half of what they grow would not be fit for sale”; Minutes to the June 23 1961 District Advisory Council Meeting (Eastern Highlands): PNGNA a.12 b.16.609 f.23-3-31.

should fail; but fail it must unless we can sell the crop or even 75% of the crop.²¹⁰

For Downs, the Chief of Agricultural Extension was not so much blind to the question of quality, but was rather “out of touch with the market and gravely out of touch with the amount of native coffee here in the highlands”.

Having had its proposals for centralised processing “wiped cold” by both Henderson and Conroy, the HFSA shifted its demands for restrictions on indigenous plantings from indirect to direct forms of coercion. In July 1965, the *New Guinea Highlands Bulletin* called for “planting restrictions of a non-racial type”,²¹¹ which, in the words of Stewart, meant that “controls over New Guinean planting should be imposed to equal the restriction on the European element of plantation expansion to the area granted in leases released for coffee before March 1962”.²¹² In October 1966, a meeting of the Council of Delegates of the HFSA resolved, “that they do not believe the Administration was discouraging the planting of coffee and expressed the view that this discouragement should become more active”.²¹³ In the *New Guinea Highlands Bulletin* six months later, Downs criticised the Administration for being “incompetent and unimaginative” in its ‘failure’ to restrict indigenous plantings. He argued:

The New Guinea coffee industry is now confronted with essential international controls which establish a clear limit upon exports. The time has now been reached for firm restrictions to be placed on further coffee plantings ... Further development of indigenous coffee (expatriate production is clearly limited by existing leases) would be suicidal for the industry.

Further:

the Department of Agriculture may not have a mandate to stop the planting of coffee in the way in which it is being stopped in other countries who are our partners in the International Coffee Agreement, but it certainly should be

²¹⁰ Downs to Conroy, 5 July 1961: PNGNA a.1054 b.18.480 fz.1-1-133 Part.2.

²¹¹ cited in Stewart, 1992, p.98.

²¹² *ibid.*

²¹³ Minutes of Meeting of the Council of Delegates of the HFSA held in Mount Hagen on Saturday, 8th October 1966: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

directed to discourage forthwith the unrestrained planting which continues throughout the Territory.²¹⁴

The foregoing article merely gave public expression to the limits imposed on expatriate accumulation within the policy of dual development. More particularly, in directly challenging both the Administration and the scheme of smallholder production, such statements shattered the political rhetoric of 'partnership' and the space it had secured for the HFSA. Exemplifying this direct threat, was a letter from Downs to Conroy dated 12 February 1966, in which the Chairman of the HFSA warned:

I have always tried to lead our Association into close support of official action but I must confess that I am very disturbed at what seems to me to be a less than honest approach in this matter [i.e. continued indigenous plantings] which I can only expose by publicity and public statements which would embarrass you and embarrass the Territory in the eyes of both the I.C.A and the Tariff Board ... If the Administration's economic development programme for the people is felt to be compromised by either restraints or controls on coffee then let us be frank and forthright and deal with the problem on this basis; because regardless of programmes or policy coffee is being planted at a rate which is not consistent with Australia's capacity to use and we have an export policy which restricts overseas sales. I am unable to reconcile a policy of restricted exports with uncontrolled production, *and it will be the European growers who will suffer most when this strange policy reaps the harvest it deserves.*²¹⁵

The suggestion that "European growers" would suffer should the Administration fail to adopt coercive measures against the continued planting of coffee by indigenous households, "succeeded merely in undermining the Administration view that the HFSA was the sole and legitimate representative of all growers".²¹⁶ Indeed, in a letter to Sir John Crawford, Conroy expressed some doubt as to this claim of 'non-racial' representation as early as 1961.²¹⁷ Downs' sustained polemic against the Administration, and recourse by

²¹⁴ Downs, 1967, pp.8-9,11; Stewart, 1992, p.101.

²¹⁵ Downs to Conroy, 12 February 1966: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609 (my italics).

²¹⁶ Stewart, 1992, p.102.

²¹⁷ Conroy to Crawford, 4 July 1961: PNGNA a.1054 b.18.480 fz.1-1-133 Part.2.

the HFSA to such self-preserving arguments as the “development of native coffee was reducing the production of local food”,²¹⁸ acted to substantiate this departure.

Whilst undermining the ideology of partnership in the case of coffee, the same diffusionist problematic was invoked by the HFSA as part of an “imaginative programme for the development of alternative crops”. At a 1967 Conference on Coffee Over-Production, the Association asserted that the “most successful peasant farmer development of new cash crops has centred around European owned plantations”. Further, it was resolved that the “Administration should be pressed to recognise the truth of the statement by indigenous leaders ... that indigenous peasants were lethargic and needed strong European leadership if new crops were to be successfully introduced”. As statements directed at securing space for further expatriate settlement, the conclusion was predictable: “it is therefore essential that the World Bank recommendations [see Chapter Ten] be followed for the release of new land, which can be used for the introduction of plantation-scale economic crops”.²¹⁹

Changing politico-economic forces, expressed in plans for self-government, effectively negated any plans for expanded expatriate settlement. Indeed, as Conroy explained in an interview with Timms, “we felt that we had come to the end of any practical use of Western owner-managers, by say, the early 1960s”.²²⁰ However, rather than abandoning the practice of superintending the attachment of money capital to state plans for expanded indigenous commodity production, the Administration moved to refashion the terms or form of this attachment. As Conroy, concerned with the decline in Territory rubber production, explained: “it is a matter of attracting, not just one more expatriate rubber planter, but large investment of a scale that would give a quick boost to export production”.²²¹ Central in refashioning the capital content of smallholder production was a policy of attaching money capital to indigenous households through the promotion of

²¹⁸ Minutes of Meeting of the Council of Delegates of the HFSA held in Mount Hagen on Saturday, 8th October 1966: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

²¹⁹ HFSA, Notes For Conference on Coffee Over-Production, 13 March 1967: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

²²⁰ cited in Timms, 1996, p.240.

²²¹ Minutes of the 54th Meeting of the Land Development Board, 6 October 1964: PNGNA a.82 b.136 f.1-1-4 Part.2.

nucleus estate plantations. As Assistant Director of Research and Surveys, A.W. Charles explained in a September 1970 address to the various planter associations:

the shape of new plantation development can be expected to follow the pattern already set by the two newest crops, oil palm [lowland crop] and tea [highland crop]. That is, nucleus estates bringing large injections of capital into the country, providing processing and marketing facilities for smallholders in addition to their own production, and in some cases with direct smallholder equity and/or management participation.²²²

In short, the colonial state remained committed to the continuous expansion of household commodity production, albeit superintended through a fundamental realignment in the relationship between the state and international money capital. The shift to promoting nucleus estates as a means of extending state supervision over indigenous households is discussed in Chapter Ten. At this point, it is important to note that whilst the ideology of economic partnership was as much a creation of the colonial state as it was of the settlers, the end of the post-war boom and hence, the end of the unrestrained expansionary phase in coffee planting, effectively undermined the conditions on which it had previously been secured. The primary task of the Administration, as Gunther made clear, was to “ensure that the native crop is sold, not just at an economic price to native producers, but at the best possible price that can be got from the market”.²²³ Having ‘reconciled’ the provision of indigenous welfare and development through an active programme of coffee extension, state authority was directed at securing trading conditions which, to repeat an earlier point, “would permit a continued though modest growth of native production”.²²⁴ To the extent that the commercialisation of indigenous households was to be secured through the production and consumption of commodities (which in the Highlands meant coffee), the Administration was committed to a strategy of compensating for the immanent tendencies of capitalist competition, namely over-production and its potential threat to the scheme of smallholder production.

²²² cited in Timms, 1996, p.254.

²²³ Gunther to Downs, 6 February 1959: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

²²⁴ *ibid.*

6.6

Conclusion

The account of state practice in the Highlands presented here, contradicts the suggestion most recently articulated by Connell, that the “colonial era favoured *laissez-faire* policies rather than planning”.²²⁵ Such a summation fails to locate the qualities of state power which, rather than seeking to ensure “adequate supplies of plantation labour”,²²⁶ sought to use state policies to check indigenous landlessness, thereby securing household production as the principle form of labour’s subsumption to capital. Whilst the idea of *laissez-faire* may be invoked to describe the initial “rush for brown gold”²²⁷ in the Highlands, it was precisely this unintentional, immanent process, which the post-war Administration moved to check. The intent was not to halt all expatriate settlement, but rather the movement of capital was to be “activated and coerced” by the Administration as part of its plans for expanding indigenous commodity production. The establishment of the Land Development Board, and its directive to make “decisions in conjunction with its responsibility for co-ordinating opportunities for indigenous agriculture”,²²⁸ represented not a commitment to *laissez-faire*, but rather a conscious attempt to reassert state control over the form and direction of development in the Highlands.

Insofar as the definition of “the village ... as the main centre of native social organisation and as the point of stability in a time of social change” was abstracted not in terms of the stability of the ‘old’, but rather in antithesis to the instability of the ‘new’, in particular the “landless proletariat”, the corollary that ‘appropriate’ development was envisaged in the movement from subsistence to export crop production, “forming a native peasantry”,²²⁹ was predictable. The suggestion by the Tariff Board, that the Department of Agriculture should be commended “for the way in which coffee growing has been

²²⁵ Connell, 1997, p.20; see also Boyle, 1974, p.2.

²²⁶ Connell, 1997, p.20.

²²⁷ Donaldson and Good, 1981, p.144

²²⁸ Timms, 1996, pp.113-114.

²²⁹ Statement read by Senator Paltridge on behalf of the Minister for Territories, *Commonwealth of Australia Senate Debates*, 15 August 1961, p.22.

effectively integrated with the life of many native communities”,²³⁰ exemplifies the singular intent through which the Administration sought to secure “the continued attachment of the natives to their villages”.²³¹ That is, as smallholders engaged in commodity production. The introduction of coffee was thus conceived as an evolution, subject to state trusteeship, which was in keeping with the abstracted definition of indigenous ‘community’ and hence, of development itself.

The ideology of partnership, or the assumed compatibility between small and largeholdings was, in the words of Timms, “an important political platform for both expatriate producers and the colonial state”.²³² For the first, it was an expression of weakness which, at the same time, created space within the boundaries of state regulation for capital accumulation. For the second, and insofar as the commercialisation of indigenous households was to be secured through the production and consumption of commodities, the settlers were seen to provide the requisite facilities for “promoting and marketing the native crop”.²³³ However, the end of the post-war boom and the subsequent demise of the expansionary phase in the coffee industry, also marked the end of the policy of dual development. Given that “one economic European area will produce more than 50 tons of coffee - a tonnage equivalent to the production of 100 to 150 fair-sized native growers”, Cleland’s conclusion that “increased European participation in the industry could seriously impact the development of native cash cropping in the Highlands”,²³⁴ underlined this departure.

The granting of preferential tariffs for Territory coffee in Australia and the entry of Australia/Papua New Guinea into the International Coffee Agreement, were reflective of the increasingly important place occupied by coffee in meeting necessary household consumption. The need to “ensure that the native crop is sold, not just at an economic price

²³⁰ Tariff Board’s Report - Coffee, *Commonwealth of Australia Parliamentary Papers*, Vol.20, 1962-63, p.13.

²³¹ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

²³² Timms, 1996, p.125.

²³³ Conroy, Native Coffee Processing Techniques, 29 November 1961: PNGNA a.1054 b.18.480 fz.1-1-133 Part.2.

²³⁴ Cleland to Lambert, 15 March 1963: PNGNA a.1054 sz b.18.509 fz.12-1-51 (my italics).

to native producers, but at the best possible price that can be got from the market”²³⁵ was thus explicit. Conceding that “policy implications apart, it would be virtually impossible to impose controls on native growers which would successfully curtail production let alone cut it back”, the point was to secure conditions which “would permit a continued though modest growth of native production”.²³⁶

Having discussed the broad contours of the agrarian doctrine and its application in the Highlands, the remainder of Part Three focuses on specific forms of state supervision. Beginning with co-operatives, the aim is to trace the evolution of state policy and the progressive attempts to negate the partial autonomy of indigenous households with respect to land and labour usage.

²³⁵ Gunther to Downs, 6 February 1959: Downs I.F.G, Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

²³⁶ Cabinet Submission, International Coffee Agreement, 20 October 1967: AA A1838/1 704/13/3 Part.8.

Chapter Seven

Co-operatives and Economic Control: the Mediatory Level of Early State Plans for Indigenous Agriculture.

7.1

Introduction

Post-war colonial trusteeship and the idea of development which informed it, gave particular prominence to management. For Papua New Guinea, and insofar as the provision of indigenous welfare was seen as synonymous with measures that “maintain the attachment of the native to his land”, management came to reflect the Administration’s intent to secure this attachment under conditions of intensified household production. As Hasluck put it in a minute to Lambert dated 2 March 1955, “the established policy of preserving the natives rights in land ... will only prove effective if, in practice, the natives live on their land and work it, using it to greater advantage than in the past, either for a higher level of subsistence or for the production of marketable crops”.¹ Management then, implied the form through which the imposition of work on indigenous households was to be mediated. It involved, to use the words of MacWilliam, “joining labour with other means of production, where administration consists of arranging and superintending relations between people”.² Whilst the preceding chapter sought to specify the broad contours of agrarian development practice in the Highlands, this and the following chapters set out to trace the specific and changing forms, through which the Administration sought to manage smallholder production and hence, the imposition of work on indigenous households. This chapter is primarily concerned with the rapid growth of rural co-operatives in the immediate post-war period.

¹ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

² MacWilliam, 1992, p.137.

Implicit in Hasluck's comment above, is the assumption that the productive potential of indigenous households remained fixed in land and that state administration was a requisite condition for the realisation of this potential. Put otherwise, the archetype of peasant conservatism was to be negated through a state-sponsored programme of expanded commodity production. In the immediate post-war period, the primary model for managing indigenous export production was the co-operative society. Constructed as a form through which "the tempo and type of [indigenous] development can be carefully regulated", what follows argues that the primary function of the Administration's Co-operative Section cannot be understood in isolation from the general agrarian intent which informed post-war development practice.

State-sponsored co-operatives sought to insert indigenous demands for expanded consumption into the domain of intentional development. Contrary to claims by Fitzpatrick,³ there was a perception, albeit a misconceived one, that co-operatives provided a medium for reconciling expanded commodity production with traditional forms of social organisation, in particular 'communal' cash-cropping on supposedly 'communal' land.⁴ Moreover, it was precisely this assumed compatibility which ultimately undermined the co-operative as a developmental form. Situated in an essentially mediatory role between smallholders and international commodity markets, the initial postulation that administered co-operation provided a medium "whereby the 'hidden' labour force can be utilised"⁵ proved optimistic. Restricted, or unable to transcend its mediatory limits, the Co-operative Section was incapable of intervening directly in the pattern of indigenous land and labour usage.

³ see Fitzpatrick, 1976, p.79.

⁴ see Cheetham, 1962-63, pp.68-69.

⁵ Murray, Programme for Development, 17 January 1951: PNGNA a.247 b.203 fca.1-8-1-10.

7.2

The Co-operative Section and Productive Control

The co-operative movement was given official recognition by the Administration in May 1947 and in July that year, the Inter-Departmental Committee on Native Development and Welfare recommended “that action be taken to have a Co-operative Ordinance brought into operation as soon as practicable, and that such action should not be deferred”.⁶ As Snowden notes, the creation of a Co-operative Section, and its placement within the Department of District Services and Native Affairs, was marked by a significant ambiguity: “the new unit claimed that its role was to foster and encourage indigenous economic expansion yet it was firmly placed within a department whose main function was containment”.⁷ From the outset, control of indigenous economic activity by the Administration was explicit. Quoting the Director of District Services and Native Affairs, Murray justified the Section’s placement on the grounds that “the tempo and type of development can be carefully regulated”.⁸ Elaborating so as to specify the role of the Co-operative Section in terms of economic trusteeship, Jones maintained that “the Officers ... must be adequately qualified to guide the native people through the difficult and dangerous period of change-over from a state of subsistence economy to that which the Administration, as the trustee power, desires the native people to achieve, and so participate to the full extent in the Territory’s potential”. He added:

The effect of the two Ordinances [dealing with co-operatives] will be to legalise the native co-operative movement and to give the necessary authority to the Registrar of Co-operative Societies to encourage and co-ordinate all native economic developmental effort throughout the Territory, under the direction of the Director of District Services and Native Affairs.⁹

⁶ cited in Murray, Co-operative Societies Ordinance 1948, 12 January 1948: AA A518/1 V840/1/4 Part.1.

⁷ Snowden, 1989, p.305.

⁸ Murray, Native Co-operative Ventures, 12 December 1951: PNGNA a.247 b.320 f.35-8-21.

⁹ Jones, Functions and Policy ... Co-operative Section, undated: PNGNA a.247 b.320 f.35/8/21.

Modelled on New South Wales legislation, the first *Co-operative Ordinance 1948-1950* was, however, deemed to be “beyond the capabilities of the native people to understand”.¹⁰ In practice, Registrar C.J. Millar objected to the legislation on the grounds that it limited the Co-operative Section’s capacity to “co-ordinate all native economic developmental effort” to those societies who volunteered to register under the Ordinance. Departing from British precedents, the 1948-1950 Ordinance did not include a proposed exemption clause and, as a result, did not accord to the Registrar the power to “exempt a society from any of the requirements of the Ordinance as to registration”.¹¹ On this exclusion, Millar reflected that “it is a matter of profound regret the enabling legislation provided was not on the lines of that originally prepared and recommended by the Department of District Services and Native Affairs”.¹² By 1950 however, “experience gained over the three years” found expression in legislation “more suited to the requirements of the Territory”. The proposed *Native Economic Development Ordinance 1952* greatly extended the jurisdiction of the Registrar to include all unregistered expressions of indigenous economic activity. Section 5 of the Ordinance made it an offence to collect money to form a society without the formal consent of the Registrar, thereby according to him the power “to decide whether they were ‘potential’ societies, and whether to encourage them or veto them”.¹³ As Millar explained to the 1949 District Officers Conference: “where the Administration may not wish to encourage any particular activity, it is possible for us to stop it by taking advantage of that particular provision [Section 5] in the Ordinance”.¹⁴

As a means to check the potential for individual accumulation, the aim of Section 5 was clear. For example, consider the words of Assistant District Officer (Central District) H.E. Clark:

I agree the entrepreneur [*read* indigenous capital] can fill a need. However, these people are collecting share capital. If my memory serves me correctly the Native Economic Development Ordinance was introduced to prevent this

¹⁰ Millar, Special Report on Development of Co-operative Movement in Papua and New Guinea, 26 February 1951: PNGNA a.247 b.320 f.35-8-16.

¹¹ Brack to Surridge, 5 July 1948: AA A518/1 E840/1/4 Part.2.

¹² Millar, Special Report on Development of Co-operative Movement in Papua and New Guinea, 26 February 1951: PNGNA a.247 b.320 f.35-8-16.

¹³ Snowden, 1989, p.362.

¹⁴ cited in *ibid.*

and I think that the activities in the Northern District and the Gulf District [see below] in 1949-1950 were the reason.¹⁵

The “control syndrome”¹⁶ (i.e. management) was, of course, implicit in the idea of colonial trusteeship and the corresponding intent to develop indigenous household production.¹⁷ Further underlining this syndrome, and indeed providing the impetus for establishing a Co-operative Section, was the perception of indigenous ‘unrest’ as expressed in spontaneous forms of politico-economic organisation. The payment of compensation for war damages and the repatriation of wartime indentured labourers whose “contact with Australian and American troops ... placed them a generation ahead of the vast majority of the native population”,¹⁸ had engendered “potential forces of resistance” which needed to be directed into appropriate forms of economic activities.¹⁹ In being outside the state apparatus, impromptu associations, in particular those originating in the Northern and Gulf Districts - the Gona Public Trust, the Wedau Welfare Fund, Tommy Kabu, Wagga Wagga Development and Purari Sago Trading Co. - demonstrated, according to Millar, “that unless we maintain closest supervision of such activities not only are we open to criticism and failing in our duty as an Administration, but we are also courting disaster”.²⁰

Later, writing on the ‘illicit’ promotion of co-operation amongst the Orokaiva people (Northern District) by Anglican missionary A. Clint,²¹ the Director of District Services and Native Affairs A.A. Roberts, advised that “only partly understanding the Reverend Clint’s talks on co-operation and understanding even less the exaggerated tales spread by those natives immediately associated with Reverend Clint, the people felt that co-operation offered an excellent chance of economic emancipation without untoward effort”²² - in

¹⁵ Clark, Co-operative Officer’s visit to Apabaga Village, 2 March 1960: PNGNA a.16 b.657 f.42-1.

¹⁶ Fitzpatrick, 1976, p.81; see also Fitzpatrick and Southwood, 1976, pp.17-18.

¹⁷ Cowen and Shenton, 1996, p.x.

¹⁸ Jones, Functions and Policy ... Co-operative Section, undated: PNGNA a.247 b.320 f.35/8/21.

¹⁹ see Legge, 1956, p.218.

²⁰ Millar, Special Report on Development of Co-operative Movement in Papua and New Guinea, 26 February 1951: PNGNA a.247 b.320 f.35-8-16.

²¹ see Clint, A. (1950) *Report on Co-operative Activities, Northern District, Together with Appended Notes by Rev. A. Clint. Gona Co-operative Society Limited.*

²² Roberts, General Statement - Co-operative Movement, Northern District. New Guinea Anglican Mission Representations, 18 March 1954: AA A518/1 E840/1/4 Part.2.

short, 'cargo cultism'.²³ Although described as an "healthy radical without any streak of self-seeking in him",²⁴ the Administration's primary objection to Reverend Clint's efforts reflected not so much a concern at the rising of expectations to a level incapable of being realised, but rather the fact that the "unregistered ventures ... under mission sponsorship"²⁵ were not subject to immediate government control.

As an ANGAU Patrol Officer in 1945, Millar was sent to British West Africa to "study Comparative Colonial Administration ... and was later seconded to the Colonial Office where he studied procedure in the Economic Development Branch under the guidance of Sir Frank Stockdale".²⁶ Millar maintained an interest in co-operative administration in Africa, Asia and the Pacific and "referred always to models of procedure and patterns of organisation in terms of the British experience, particularly in Africa".²⁷ For Millar, British experience had testified to the vulnerability of colonial authority when "emphasis was placed on political development to the almost complete neglect of the economic side".²⁸ In 1948 "a fresh outbreak" of the Vailala 'cargo cult', or Vailala 'madness' as it was referred to in the inter-war period, occurred at Moveave (Gulf District). Anxious to portray co-operatives as a practical medium for dissipating, or re-directing such expressions of 'unrest', it became a tautology that "the judicious introduction of co-operatives to an unsettled area is the best antidote to manifestations of 'cargo cult'". Writing on the Vailala 'cult', Co-operative Officer H. Jackman asserted that "it became apparent that there has been for many years a desire for social and economic progress ... which, unfortunately, was not guided into the right channels, and thus found expression in

²³ 'Cargo cults' refer here to spontaneous, autonomous forms of indigenous social resistance to the apparently closed system of economic development, and capitalist generated wealth in particular; see Worsley, 1968, pp.ix-xix. From the standpoint of the colonial administration, all indigenous movements outside the state apparatus were defined as cargo cults and hence, subversive.

²⁴ Bishop Burgman to Ward, 21 February 1947: AA A518/1 E840/1/1 Part.1.

²⁵ Lambert, Native Co-operative Ventures, 12 November 1951: AA A518/1 E840/1/1 Part.1.

²⁶ Stockdale was responsible for the expenditure of £120,000,000 under the Colonial Development and Welfare Acts; see Jones in, *Papua and New Guinea Legislative Council Debates*, 13 October 1952, p.90.

²⁷ Snowden, 1981, p.187.

²⁸ Millar, Special Report on Development of Co-operative Movement in Papua and New Guinea, 26 February 1951: PNGNA a.247 b.320 f.35-8-16.

Cargo Cults”.²⁹ Further, the benefits of the “judicious introduction of co-operatives” were extended down the ‘evolutionary’ line of social protest to include the provision “of a solid counter to communist propaganda which”, according to Millar, “will no doubt increase here as it has been increasing in recent times in the British Colonies”.³⁰

The distinction between economic and political development, and the conception of the former as acting to limit the popular expression of the latter, was of course, a central tenet in the ideology of post-war trusteeship. Moreover, attached to this tenet was the assumption that European skill and management were a requisite condition for securing a particular form of agrarian development. As the Fabian Colonial Bureau’s influential *Co-operation in the Colonies* made explicit, co-operatives were first and foremost an instrument of state trusteeship:

the colonial agriculturist is, for the most part, poor illiterate and unaccustomed to the Western ideas of science and commerce which are penetrating his home. Government help is required to assist him in the difficult transition from the old to the new economy. The Co-operative Movement can be a vital instrument in this transition period, not only for improving standards of living and education, but for effecting the advance through the people’s own efforts.³¹

Expressions of independent development, such as those encouraged by post-war indigenous leaders Tommy Kabu (Gulf District) and Paliau (Baluan Island, Manus), in being outside the administrative apparatus, challenged the very notion of state trusteeship. The corollary, to use the words of Murray, was the supposition that a centrally regulated co-operative movement provided a “satisfying outlet for native leaders in the economic, rather than political field - for which they are yet relatively uninformed and unfitted”. Implicit was the assumption that “in encouraging the social and economic development of the native people, ventures of these kinds need [to] be looked after in a somewhat paternal way by us in the earlier stages, to prevent [their] lack of business experience and contacts

²⁹ Jackman, The Co-operative Movement in the Gulf Division of Papua, 12 January 1951: PNGNA a.77 b.2043 f.19-1-1 Part.1.

³⁰ Millar, Special Report on Development of Co-operative Movement in Papua and New Guinea, 26 February 1951: PNGNA a.247 b.320 f.35-8-16.

³¹ Fabian Colonial Bureau, 1945, p.14.

resulting in unnecessary loss and set-backs".³² In short, the conflict between spontaneity and the colonial intent to develop did not manifest itself in conflict between the state and 'the people', but between a specific agrarian doctrine and the potential emergence of a class of indigenous leaders (or embryonic capital) able to mobilise village resources outside the domain of intentional development.³³

However, official apathy towards indigenous leaders, in particular their potential for mobilising the factors of production, was tempered by the fact that village acceptance of co-operative organisation was dependent upon their patronage. The point then, was to use the indigenous leaders as the catalysts for 'community' development. As Jones put it, "there is, among the native people, a progressive element that tends to spearhead any new scheme".³⁴ Somewhat naively, the Co-operative Section saw in the principle of 'democratic' control the chief means through which to stop "an individual or clique from acquiring a controlling interest", thereby tying, or subordinating the emergence of a potential class of indigenous capital - the detested 'native demagogue' - to 'community' development more generally. To reiterate an earlier point, for Hasluck "the native demagogue" (*read* "native capitalist") represented "one of the most serious dangers to the future of the whole of the people" and to this extent, the Administration "may have to walk very carefully to avoid checking a legitimate aspiration while we protect the mass of the people from inexperience or ambition".³⁵ Given that the emergence of a landless proletariat cannot be separated from the emergence of a class of rural capital, 'checking' the latter, naturally flowed from the agrarian content underpinning post-war colonial practice. As Jones explained, "the fact that the leadership of a society is vested in a progressive element does not guarantee that the leadership is qualified".³⁶

³² Murray, Native Co-operative Ventures, 12 December 1951: PNGNA a.247 b.320 f.35-8-21.

³³ In the case of Kenya, see Cowen and Shenton, 1996, pp.309-316, esp.315.

³⁴ Jones, The Co-operative Movement in Papua and New Guinea, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2, p.7.

³⁵ Hasluck, 'Native Welfare Is a Big N. Guinea Task', *Sydney Morning Herald*, 15 April 1952: AA A1838/283 301/1.

³⁶ Jones, The Co-operative Movement in Papua and New Guinea, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2, p.7.

7.3

Co-operatives and the Agrarian Doctrine

The post-war model of co-operation adopted in Papua New Guinea drew extensively from British practice in Africa and Asia. Visiting the Colonial Office in August 1947, Ward and Halligan met with Co-operative Officer B.J. Surrige, for the purpose of gathering information on “co-operation in the colonies”.³⁷ Prior to this meeting, Millar had established a direct line of communication with Surrige, through which the latter’s advice on legislation, staff numbers, training and agricultural development was sought. However, despite this link, Fitzpatrick argued that in Papua New Guinea the ‘British model’ “was borrowed in form only; there was no transfer in ideology”. Expanding, he suggested that “unlike the British colonists, nobody in Papua New Guinea perceived co-operatives as an appropriate recognition of indigenous ways”. Hence, the co-operative movement “was a colonial creation” and “never charged with that popular ethical content that elsewhere came from being part of a wider political movement or of a solidarity reacting against economic oppression”.³⁸

The ambiguous, comparatively ahistorical nature of this criticism was discussed briefly in Chapter Four. However, it warrants further examination, in that, the co-operative model exported from Britain to the African colonies, reflecting the general contours of colonial development practice after 1945, was deeply informed by Fabian precepts. It follows, that insofar as the emphasis given to management by the state for realising the productive potential of indigenous households was shared by both British and Australian officials, there was indeed a transfer of ideology, albeit not of the type envisaged by Fitzpatrick. For example, a Colonial Office report on the 1947 African Governors’ Conference, whilst advocating the expansion of co-operative organisation in British Africa, rejected any notion of spontaneity. The report cautioned, “that in the present state of African society the successful founding of such co-operative organisations cannot be safely left to the efforts of Africans themselves”. The doctrine of colonial trusteeship was thus explicit: “they

³⁷ Surrige to Millar, 29 July 1947: AA A518/1 V840/1/4 Part.1.

³⁸ Fitzpatrick, 1976, p.79.

[African smallholders] need encouragement and guidance from Government Co-operative Departments”.³⁹ Without this ‘guidance’, or “without substantial State assistance”, as the Fabian Colonial Bureau’s *Co-operation in the Colonies* put it, “it will be a long time before they [African smallholders] achieve the status of ‘walking with dignity on the world’s great boulevard’”.⁴⁰ In a similar vein, and quoting the Registrar of Co-operatives for Ceylon (Sri Lanka), Murray, whilst noting that “ideally, co-operation is a movement which ought to spring spontaneously from the people”, it was nevertheless “true that in most colonies there are masses of people whose need of the advantages which the movement can confer is exceptionally acute while the chances of its spontaneous birth are so small that Government is justified in taking a hand in its organisation”.⁴¹ Put otherwise, spontaneity and post-war colonial trusteeship were mutually exclusive and presented as such.

As to the criticism that “nobody in Papua New Guinea perceived co-operatives as an appropriate recognition of indigenous ways”, there was in fact a perception, albeit an ‘invented’ one, within the Department of District Services and Native Affairs to the contrary. According to Millar, the “communal type of living common to all village life” meant that “the idea of the co-operative effort is readily assimilated by the native mind”.⁴² Murray went further, suggesting that:

it should be remembered that while most natives would not recognise the term Co-operative Society as applicable to their own customs, it is a fact that the basic principle of co-operation is therein contained - common action to satisfy a common need. I refer, of course, to normal native custom whereby groups of natives assist each other in such matters of house-building, preparation and fencing of garden land, harvesting of crops, men’s clubs, sing-sings and other similar undertakings.⁴³

³⁹ Report of the [CO Agenda] Committee on the Conference of African Governors’, 22 May 1947. In Hyam, R (ed.), *The Labour Government and the End of Empire (Part. 1)*. London: HMSO Publications Centre (1992), pp.241-242.

⁴⁰ Fabian Colonial Bureau, 1945, p.164.

⁴¹ Murray, Co-operative Societies Ordinance 1948, 12 January 1948: AA A518/1 E840/1/4 Part.1.

⁴² Millar, Native Co-operative Movement, 20 February 1950: AA A518/1 E840/1/4 Part.1.

⁴³ Murray, Native Co-operative Ventures, 12 December 1951: PNGNA a.247 b.320 f.35-8-21.

A hint as to the intent underpinning this perception of mutual applicability is given in Murray's conclusion that "the adaptation of native customs to deal with changing economic conditions shows that it is not necessary to shatter custom in order to enjoy the benefits of commerce". The shattering of custom, or 'community', referred to the antithesis on which the applicability of co-operative organisation was construed, namely migratory labour. As Jones explained in a statement to the November 1952 Mission Conference on 'The Co-operative Movement in Papua and New Guinea': "the policy is that economic development of the native people shall be through the village unit, without divorcing him too rapidly, and too completely, from his traditional way of life". In short, the aim was to expand indigenous economic activity through means "other than as paid workers".⁴⁴ The model of co-operation adopted by the Administration did indeed fail to recognise "indigenous ways". However, this failure was not a reflection of poor anthropology. Rather, it reflected a definition of indigenous 'community' conceived by the colonial trustee not as what it was, but in opposition to the immanent processes that threatened to undermine this ideal.

To elaborate, in his influential paper, 'The Invention of Tradition in Colonial Africa' (1983), Terence Ranger argues that in the context of British administrative practice in Africa, the ideology of changelessness or 'tradition' reflected not an accurate perception of existing forms of indigenous social organisation, but rather an external system of law and adjudication based on the Administrator's interpretation of African tradition. He notes that "competition, movement [and] fluidity" rather than being grasped as features internal to existing social forms, were "held to be the result of the 'untraditional' chaos of the nineteenth century". In terms of agrarian practice, the result was that:

people were to be 'returned' to their tribal identities; ethnicity was to be 'restored' as the basis of association and organisation. The new rigidities, immobilisations and ethnic identifications, while serving very immediate European interests, could nevertheless be seen by the whites as fully 'traditional' and hence as legitimated. The most far-reaching inventions of tradition in colonial Africa took place when the Europeans believed themselves to be respecting age-old African custom. What were called

⁴⁴ Jones, The Co-operative Movement in Papua and New Guinea, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2, p.12.

customary law, customary land-rights, customary political structure and so on were, in fact *all* invented by colonial codification.⁴⁵

Concerned with the processes of codification, Ranger's analysis does not extend to the forms identified as giving expression to "the 'untraditional' chaos of the nineteenth century". However, in the context of Papua New Guinea, and insofar as the applicability of co-operative organisation to the "native mind" was derived from the same, albeit post-war conception of 'chaos' (immanent development), the "village unit" was abstracted not as what it was, but rather in contrast to what the 'new' threatened to be - the "landless proletariat". Moreover, adding to an earlier point, because this essentially conservative conception of the village unit was mythical, there was "little to inhibit [the] inventing of 'new' methods of production or forms of social organisation within this mythical old"⁴⁶ - in this case, commodity production in the form of co-operatives. Thus, exemplifying the reification of the "village unit" against the doctrine of agrarian trusteeship, Jones held that indigenous demands for economic development "gave the Administration an unprecedented opportunity to provide a planned pattern of social and economic advancement through the physical, mental and financial efforts of the native people themselves".⁴⁷

This leads to the final point of Fitzpatrick's argument, namely that co-operative organisation was "never charged with that popular ethical content that elsewhere came from being part of a wider political movement or of a solidarity reacting against economic oppression".⁴⁸ In light of the Western European origins of the co-operative concept and its external imposition on dependent social formations by their respective metropolitan powers, this is of course, a simple truism. However, this is not to suggest that the co-operative movement in Papua New Guinea was devoid of any substantive content. Rather, as a state-sponsored scheme through which indigenous demands for improved living standards were inserted into the domain of intentional development, the movement acquired its meaning in and through the agrarian intent which structured post-war development practice. If, by "reacting against economic oppression", Fitzpatrick envisaged some form

⁴⁵ Ranger, 1983, pp.249-250 (original italics).

⁴⁶ Cowen and Shenton, 1998, p.51.

⁴⁷ *Papua and New Guinea Legislative Council Debates*, 13 October 1952, p.91.

⁴⁸ Fitzpatrick, 1976, p.79.

of socialist intent, then of course, the co-operative movement in Papua New Guinea, as elsewhere, was never charged with “being part of a wider political movement”. As Jones himself put it:

criticism of Co-operation as is put forward by those whose imperfect understanding of the system leads them to liken Co-operation to Socialism and even Communism [is] ... of course, absurd! One only has to pause and consider the growth of Co-operation from a small English village society in 1844, to the world-wide organisation now in existence, to realise that in the co-operative form of economic activity an effective and acceptable system has been found.⁴⁹

Hasluck’s observation that the “early post-war Administration” was influenced by a “socialist theory about a planned and controlled economy” was thus misplaced.⁵⁰ More accurate, if still somewhat over-stated, was the Minister’s perception that the “officers engaged in the Co-operative Section were inclined at times to regard any form of indigenous economic activity outside a co-operative society as being wicked, sowing the evil seeds of a capitalist society”.⁵¹ Indeed, included in the Co-operative Section’s Papua New Guinea files is material published by the Registry of Co-operatives for New South Wales,⁵² in which the primary virtue of co-operation was stated in terms of its perceived potential to “act as a brake upon the *worst evils of Capitalism*” and, in a direct appeal to the Administration’s entrenched apathy towards the “native demagogue”, for preventing “the accumulation of money by the few by limiting returns on capital and disallowing speculative trade in shares”.⁵³ It was in this sense that Murray listed the principles of co-operation ‘applicable’ to New Guinea society, along the following lines:

⁴⁹ *Papua and New Guinea Legislative Council Debates*, 13 October 1952, p.91.

⁵⁰ Hasluck, 1976, p.154.

⁵¹ *ibid.*, p.152.

⁵² From which two Officers were seconded to the Territory for a period of twelve months in April 1949 and two of the Territories junior Native Affairs Officers (H. Jackman and D. Keary) were seconded to the New South Wales Registry for a six month period to receive training in the “principles and management of co-operatives”; see Jones in, *Papua and New Guinea Legislative Council Debates*, 13 October 1952, p.90; also Hodsdon, *Co-operative Movement in Papua and New Guinea*, Report by Mr. H. Hodsdon, Senior Inspector, Registry of Co-operative Societies, N.S.W., 1950: AA A518/1 V840/1/4 Part.1, p.1.

⁵³ Registry of Co-operative, New South Wales, *Introducing Co-operation*, undated and circulated to all District Officers: PNGNA a.16 b.657 f.42-1 Part.4 (my italics).

1. Members join as human beings and not as capitalists, which involves the important feature of the distribution of profits according to business done with the society and not the capital invested.
2. Members meet on a basis of equality - one man one vote.
3. The act of association is voluntary.
4. Members join to promote the economic interests or advantages of members, and not of non-members.⁵⁴

Translated into administrative practice, the foregoing principles found expression in terms of:

1. Voluntary Membership.
2. Democratic control.
3. Distribution of Surplus on a Patronage Basis.
4. Limited Shareholding and Low Interest Rate on Share Capital.
5. Political, Religious and Racial Neutrality.
6. Business done on a Strict Cash Basis.
7. Constant Promotion of Education in Co-operation.⁵⁵

The developmental intent of the principles of voluntary membership, democratic control and the desire to check individual accumulation have been discussed. The sixth principle, or “the insistence of a strict cash basis”, insofar as it sought to “protect ... members from the insidious evil of credit”,⁵⁶ completed, or typified, the agrarian intent informing state control of the co-operative movement. The desire to check indigenous indebtedness reflected not simply a concern for the ‘illicit’ extension of credit by societies to its members, but the perception, as identified by Spate, Belshaw and Swan, that “native economic development must be undertaken always with the view that specific social evils may emerge and may require counter-action”. As already mentioned, the “social evils”, or corruptions of the intent to develop identified by the authors’, included “an unproductive rentier group”, “a habit of credit and usury” and “community leaders becoming local

⁵⁴ Murray, Co-operative Societies Ordinance 1948, 12 January 1948: AA A518/1 V840/1/4 Part.1.

⁵⁵ Jones, The Co-operative Movement in Papua and New Guinea, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2, p.3; see also Registry of Co-operative, New South Wales, Introducing Co-operation, undated and circulated to all District Officers: PNGNA a.16 b.657 f.42-1 Part.4

⁵⁶ *ibid.*, p.4.

bosses”.⁵⁷ The Administration’s view, as stated by Roberts, was that “we are developing the Territory for the natives ... and not for the benefit of the non-productive parasitic middle man”.⁵⁸ The extension of credit by indigenous leaders and private traders to smallholders, in being illegal and outside the Administration’s control, was regarded as a direct challenge to the agrarian structure of development practice.

In summary, the extent to which the co-operative movement in Papua New Guinea came to articulate an “ethical content”, rested solely on its conception as a mechanism through which to realise the agrarian intent informing post-war development practice. That it was devoid of spontaneity reflected the use of co-operation as a means to insert indigenous demands for expanded consumption into the domain of intentional development, of which state control was synonymous. Although the official position held that co-operative organisation was voluntary,⁵⁹ it remained, as noted, an essentially state-mediated scheme. What then of the actual form of co-operative production and consumption?

7.4

The Copra Co-operatives and Economic Production

There existed two main forms of co-operative activity in the Territory: consumer and producer.⁶⁰ In the majority of cases however, both activities were combined: of the 153 societies registered in 1953, only 19, essentially urban co-operatives, were engaged solely in consumer activities, whilst only 11 societies (excluding rural progress societies) operated exclusively as producer co-operatives.⁶¹ Before discussing the ‘productive’

⁵⁷ Spate, Belshaw and Swan, 1953, p.39,

⁵⁸ Roberts, Operation of Native Co-operatives Gazelle Peninsula, New Britain, 12 November 1954: PNGNA a.247 b.320 f.35-8-3.

⁵⁹ Hasluck, Co-operatives - Papua and New Guinea. Annual Report 1956/57, September 1957: AA A518/1 EL840/1/4 Part.2.

⁶⁰ A third, Service Societies, consisted of two Builder Co-operatives, both in the Central Division of Papua (i.e. urban Port Moresby).

⁶¹ Jones, The Co-operative Movement in Papua and New Guinea, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2 Appendix.1.

capacity of the co-operative movement, let us first consider the place of the society trade store in the commercialisation of consumption.

Insofar as household production after 1945 was to be secured on a 'voluntary' basis, there was a perception within the Administration that the "village native has little use for money", that she/he lived in a state of "primitive affluence",⁶² and that the trade store as Cottrell-Dormer explained, would demonstrate "that ... remuneration is worth working and waiting for".⁶³ The Co-operative Section held a similar view, stating as late as 1960 "that in the traditional Papuan community there is an almost complete lack of coercive economic forces".⁶⁴ Importantly however, inserting an expanding mass of necessary commodities into household consumption was not the sole function of the co-operative trade store. For the Co-operative Section it was to perform an additional role, namely as the primary means through which the unsupervised collection and accumulation ("hoarding") of capital could be dissipated. Describing this practice, Co-operative Officer D. Keary, reported that on asking villagers in the Kairuku Sub-District (Milne Bay) what they "meant by their 'co-operative' or 'company'":

the consensus of opinion was that it would make them 'strong'. When asked what they meant by 'strong', they defined it as collecting a large sum of money and holding it in the hands of one man in the village, who was styled a 'treasurer'. I asked various natives how this would make them individually 'strong' and they admitted they did not know. Yet at all the meetings held everyone had a deep conviction that by holding a large sum of money in the village ... they would be strong.⁶⁵

Conveniently labelled as symptomatic of 'cultish activities', official disapproval of 'hoarding' reflected not so much a concern for the practice itself (the withdrawal of capital

⁶² The concept 'primitive affluence', was coined by E.K. Fisk in his 1960s work on the 'transitional' character of the Papua New Guinea economy. It reported to describe (wrongly I would suggest), a situation where "virtually all of the population have as much food as they want, are housed adequately by their own traditional standards, and have ample leisure for feasting, ceremonial, and other pastimes"; see Fisk, 1966, pp.23-24.

⁶³ Cottrell-Dormer, Proposed Policy and Working Plan for the Department of Agriculture, Stock and Fisheries, in Respect to Native Agriculture, 9 March 1946: ANU Stanner Papers on Papua New Guinea 1946-1966, p.7.

⁶⁴ Keary, Annual Report - Port Moresby, 4 May 1960: PNGNA a.16 b.657 f.42-1 Part.3.

⁶⁵ Keary, General Report - Co-operative Societies - Kairuku Sub-District, June 1950: PNGNA a.16 b.657 f.42-1 Part.4.

from circulation), but rather the avenue for accumulation it accorded to individual leaders in smallholder agriculture. As Keary, this time at Bereina village (Milne Bay), explained:

I met considerable opposition when I informed the society that the interests of each owner of coconut trees had to be considered and an apportionment made. They could not see or did not want to see that some of the copra proceeds had to be returned to individual members ... They wanted the money to stay in the co-operative so that they would accumulate a large amount and 'grow strong'. When asked, they were quite vague by what they meant by 'strong'. Finally one 'chief' said: *'if we give the money back the members will have more money than us and then how will we be able to control them?'*⁶⁶

Keary concluded that the reported "business transactions are not so much for the gain of the individual, but a means of power for a minority over the many". A similar situation was reported in the Kairuku Sub-District, where "the committee men" were identified as "the chief beneficiaries of the scheme": "members who did not work have been fined, large meetings have been held in the villages exhorting the members to further effort, and the 'committee' men have made all sorts of weird notations in the note books regarding work to be done and the monies received and paid".⁶⁷

The preferred medium for combating 'hoarding', or the potential for capital accumulation, was the co-operative trade store. It was held that by inserting a mass of commodities into the village domain, the trade store would act as a medium through which to dissipate accumulated funds,⁶⁸ thereby preventing a potential class of indigenous capital from mapping out a trajectory for accumulation in smallholder agriculture.

Insofar as the trade store was primarily a means of checking accumulation, the extent to which policy sought to construct a captive market for Australian trading capital should not be overstated. All trading with indigenous societies in the Territory, was subject to the *Trading with Natives Ordinance 1946* and the *Prices Regulation Ordinance 1949*. As

⁶⁶ Keary, Bereina Co-operative Society Limited, June 1950: PNGNA a.16 b.657 f.42-1 Part.4 (my italics).

⁶⁷ Keary, General Report - Co-operative Societies - Kairuku Sub-District, June 1950: PNGNA a.16 b.657 f.42-1 Part.4.

⁶⁸ see Snowden, 1989, p.361.

Price Controller T.A. White explained, the primary intent of both Ordinances was the “protection of the native people in their trading activities as consumers and producers” and “in this regard the co-operative movement being established for the native people will provide the only means of preventing their exploitation”.⁶⁹ Recognising that “there is a definite tendency in the Territory to exploit”, the *Trading with Natives Ordinance 1946* provided for a universal system of pricing, whilst the *Prices Regulation Ordinance 1949* allowed for the control of prices “in respect to goods which in the opinion of the Administrator are essential commodities and in short supply in the Territory of which it is deemed necessary to apply price controls in order to prevent exploitation”⁷⁰ (see Chapter Nine). Commodities supplied by trading firms to indigenous societies were “vetted by the local co-operative officer” for their compliance with the Ordinances. As an example of extreme economic paternalism, “this practice”, according to Millar, “not only ensures wise buying but also eliminates the purchase of trash” - commodities not consumed in production, or in the reproduction of subsistence.⁷¹

The insertion, through the co-operative trade store, of “rice, meat, fish, sugar, tobacco, soap, matches, kerosene, fish lines, fish hooks, lamps cloth, copra knives, etc.”⁷² into necessary household consumption, acted to transform the value of labour power in the context of checking the potential for individual accumulation, whilst restraining “any tendency of merchant firms to propel indebtedness”.⁷³ Thus, despite reflective claims by Jackman to the contrary,⁷⁴ the trade store, combined with the intensification of village agriculture, did not represent an aberration of policy - “originat[ing] in the native desire to own their own trading store”⁷⁵ - but rather, served as a central feature of it. For example,

⁶⁹ White, Prices Regulation Ordinance 1949, 16 January 1950: PNGNA a.247 b.248 fca.12-7-1 Part.1.

⁷⁰ Murray, Price Control, 21 December 1950: PNGNA a.247 b.248 fca.12-7-1 Part.1.

⁷¹ Millar, Special Report on Development of Co-operative Movement in Papua and New Guinea, 26 February 1951: PNGNA a.247 b.320 f.35-8-16.

⁷² *ibid.*

⁷³ MacWilliam, 1992, p.136.

⁷⁴ In a 1977 paper Jackman suggested that the “linkage with consumer goods retailing in dual purpose co-operatives ... jeopardised”, rather than secured, the aim of “efficient producer-controlled marketing”; Jackman, 1977, p.4; see also Snowden, 1989, p.361.

⁷⁵ Millar, The Co-operative Movement in Papua and New Guinea, 22 May 1952: PNGNA a.77 b.2043 f.19-1-1.

in responding to charges by a non-official member of the Legislative Council D. Barrett, that “two-way” co-operation somehow reduced indigenous ‘independence’, Millar stated:

I do not agree that the Tolai people had any considerable economic independence before the introduction of Co-operatives, since production is ultimately related to the return in goods which the individual producer receives, and whilst the native could previously control the price for his copra to some extent, in converting this cash to the goods which *represented the object of his produce in the first place*, the native had no control. He was, in fact, exposed to those traders who, in Mr. Barrett’s own words, ‘rely on their own normal profit on trade goods’ ... It is appreciated that Mr. Barrett does not suggest that the consumer co-operatives should not have been introduced - *my point is that the two go together*.⁷⁶

The perception then, was that the intensity of indigenous labour reflected the desire and hence, the obtainability, of prior determined items of consumption.

As an instrument for “speed[ing] up native production of cash crops, in both quantity and quality”,⁷⁷ the co-operative form was necessarily limited. As Millar himself admitted, the Co-operative Section was not concerned with “the processing of copra or cocoa”, but rather “with the marketing of such products”. For the Registrar, it was the “responsibility of the Department of Agriculture, Stock and Fisheries, to maintain and supervise the production side”.⁷⁸ This concern for marketing, as opposed to production, was indicative of the essentially mediatory level at which the Co-operative Section sought to co-ordinate “all native economic developmental effort”. Put otherwise, the Administration, *vis-à-vis* the Co-operative Section, situated itself in a mediating role between smallholders and international commodity markets, leaving indigenous producers ‘independent’ in terms of the disposition of land and labour effort. As an apparatus of state development, the developmental content of the Co-operative Section was thus restricted to marketing crops already being grown by indigenous smallholders. As McCarthy pointed out, “to expect Co-operation to flourish in ... places” of inadequate economic potential, “shows a lack of

⁷⁶ Millar, Native Co-operatives - Gazelle Peninsula, 12 November 1954: PNGNA a.247 b.320 f.35-8-3 (my italics).

⁷⁷ Murray, Native Co-operative Ventures, 12 December 1951: PNGNA a.247 b.320 f.35-8-21.

⁷⁸ Millar, Native Co-operatives - Gazelle Peninsula, 12 November 1954: PNGNA a.247 b.320 f.35-8-3.

understanding of the fact that it is purely a technique - *applied to either existing ventures or to existing potentials*".⁷⁹ Unable to transcend its mediatory limitations, the Section's capacity for realising indigenous agricultural potential was effectively limited to copra.

Situated in a mediatory role and hence, unable to engage directly in the household labour process, the Co-operative Section's promotion of a 'copra co-operative movement' was pre-figured. Village coconut plantations in the Central and Gulf regions, established under Herbert Murray's 1918 programme of compulsory village agriculture (covering some 6,700 acres by 1927), provided the basis on which the post-war producer co-operatives were founded.⁸⁰ Moreover, the high prices for copra in the immediate post-war period and the United Kingdom's undertaking to purchase all of the crop not required by Australia, further enhanced the viability of indigenous copra production.

Self-funding in the sense that share capital subscribed by members was used to purchase and market copra, the scheme's potential for intensifying, albeit indirectly, indigenous copra production was used to justify expanding both the movement and the Co-operative Section's supervisory capacity. The shift in emphasis from consumer to consumer-producer organisations was initially successful. As Millar reflected in May 1952:

there are 89 Producer Societies whose main crop is copra. These Societies are important because of their contribution to the economy of the Territory in the expropriation of a commodity in world-wide demand. Copra sales during 1951/52 yielded £67,750, whereas in the previous year the total achieved was £30,347.⁸¹

The intent, as Millar made explicit, was to secure or mediate, the international consumption of household produced copra. Thus, in qualifying the above, the Registrar added: "it might be supposed that this production, if not organised on co-operative lines, would have reached the market through other channels, but this is not correct for although

⁷⁹ McCarthy, Policy and Functions of the Co-operative Section, 12 January 1961: PNGNA a.1008 b.17.476 f.1-3-1 Part.1 (my italics).

⁸⁰ Harris, 1981, p.134.

⁸¹ Millar, The Co-operative Movement in Papua and New Guinea, 22 May 1952: PNGNA a.77 b.2043 f.19-1-1 Part.1.

previous to the introduction of co-operative marketing natives spasmodically produced copra and marketed it through itinerant traders, it was not until the Co-operative Producer Marketing Society came into operation that the exploitation of native coconut groves became organised".⁸² The extent to which the Producer Marketing Societies came to depend on copra sales can be seen in the figures for 1953, in which returns from copra totalled £175,954, compared with £9,189 for all other society produced commodities.⁸³

Despite this initial success, the ability of the Co-operative Section to maintain indigenous attachment to the land under conditions of *intensified economic activity* was soon brought into question when confronted with two developments which threatened to undermine the future viability of the copra co-operatives. The first, to use the words of Snowden, "was the drop in the price of copra on the world market; the second, occurred when the Production Control Board gave way to a reorganised Copra Marketing Board and an Ordinance which provided for the prosecution of anyone who offered imperfect copra for sale to the Board".⁸⁴

Anticipating a period of global over-production, the Department of Agriculture moved to improve the quality of copra exported. As steps to achieve this, the new *Copra Ordinance 1952* proposed four grades for copra intended for export: P.N.G. Hot Air; P.N.G. Fair Merchantable Sun; P.N.G. Smoke; and P.N.G. Mixed. Copra rejected by the Board's Inspectors as not conforming to one of the four grades, was required to "be reconditioned in a manner directed by him, should he consider that such action is necessary to render copra fit for export". Moreover, "the cost of reconditioning ... [was to] be borne by the owner of the copra, or, if the fault lies with the storage premises, by the owner of the premises"⁸⁵ - in both cases, the co-operative society.

⁸² *ibid.*

⁸³ Jones, *The Co-operative Movement in Papua and New Guinea*, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2 Appendix.1.

⁸⁴ Snowden, 1981, p.194.

⁸⁵ *Copra Inspection Regulations 1953, Laws of the Territory of Papua and New Guinea (annotated)*, 1953, pp.304-306.

Attached to the *Copra Ordinance 1952* and the *Copra Inspection Regulations 1953* was a policy of coercing smallholders into using hot air driers, as opposed to sun and smoke curing methods. Showing a complete failure to appreciate the mediatory limits to co-operation, attempts by private interests to have an additional fifth, or inferior grade, so as to cater for village produced copra, were “opposed by the Co-operative Section which argued that this would ‘nullify their past efforts’ and would weaken their strongest weapon, the threat of rejection”.⁸⁶ Given that the initial arguments supporting the new grading classifications reflected the decision by the Co-operative Section to ‘encourage’ the shift to hot air driers, its failure and the virtual collapse of the copra producing societies testify to the limits within the movement.

In a minute dated 18 March 1957, Millar’s replacement, G. Morris, reported that the “rejections of copra produced by Co-operative Societies west of Port Moresby have reached fantastic proportions, and it is becoming obvious that many Societies will collapse within the very near future unless they market copra that is acceptable to the Board”. However, whilst noting that 320 of the 350 bags produced by the Toaripi Societies required reconditioning, the Registrar, rather than recommending a review of the Board’s grading practices, simply warned that “if the above figures do not bring home to the Societies the seriousness of the position nothing else will, and the people must not be surprised if eight years endeavour to have the Co-operative Movement established in their villages will be wiped out within the short space of three months ... due to their failure to produce marketable copra”.⁸⁷ A year earlier Jackman expressed a similar opinion, stating that “copra rejections of produce shipped by the co-operative societies in the Rigo Sub-District [Central District] have reached alarming proportions lately and seriously endanger the financial status of societies”. However, in a manner not dissimilar to Morris, Jackman attributed the large-scale rejections to failures within the societies, noting that they:

hand out empty bags to members who fill the bags, sew them up, and then receive payment for the full bags according to weight. The Society thus does not examine the copra and obviously receives and pays for under-cured copra which is then rejected by the C.M.B. [the Copra Marketing Board].⁸⁸

⁸⁶ Snowden, 1981, p.195.

⁸⁷ Morris, Copra Rejections, 18 March 1957: PNGNA a.16 b.657 f.42-1 Part.2.

⁸⁸ Jackman, Copra Rejections, 28 March 1956: PNGNA a.16 b.657 f.42-1 Part.1.

Following similar reports for the Gazelle Peninsula and Milne Bay, 1957 saw “the almost complete cessation of copra production” in the Rigo area.⁸⁹

The influence of low prices on declining *society* production, although important, should not be overstated. High prices (6d/1.1b) received for premium grade copra in 1959 did little to promote the acceptance of hot air driers and hence, did not arrest the decline in society produced copra. In short, “members”, as Snowden notes, “were just not marketing through societies”.⁹⁰ Expanding, T.K. Moulik, citing comments by the Watunou Co-operative (Milne Bay) storekeeper, noted “that the villagers sold the poor quality copra to the co-operative while the good quality was sold directly to the C.M.B.”.⁹¹ Evidence suggests that whilst society produced copra was routinely rejected, copra sold direct to the Copra Marketing Board, or purchased and redried for sale by private traders, was rarely rejected. Indeed, Snowden cites official records suggesting that “when rejected copra was sold, with no further treatment by a trader, ... [it was] accepted immediately”.⁹²

That the Co-operative Section expressed an outright antipathy for the private trader was thus predictable. It reflected not only a concern for the illicit extension of credit, in which the Tolai were seen to be “in the grip of fairly heavy ... commitments”,⁹³ but also the fact that private traders highlighted the limitations of the movement in terms of product quality, thereby undermining the ultimate viability of co-operation as a technique for intensifying indigenous productive effort. For Morris, in accounting for the collapse of the copra societies in the Gazelle Peninsula, this antipathy was explicit:

members in many societies exploited their co-operatives ... by the production and sale to societies of inferior quality copra, which they knew quite well would be rejected and, more flagrantly by stealing back and re-selling copra which had already been bought and paid for by the societies ... Poor quality copra was sold to traders who ostensibly offered the same price per pound as

⁸⁹ Keary, Annual Report 1958/1959 Port Moresby/Rigo Area, 18 May 1959: PNGNA a.16 b.657 f.42-1 Part.2.

⁹⁰ Snowden, 1981, p.198.

⁹¹ Moulik, 1973, n2, pp.25-24.

⁹² Snowden, 1989, p.364.

⁹³ Morris, Co-operative Activity - Gazelle Peninsula, 22 September 1954: PNGNA a.247 b.328 f.35-8-3.

did societies. This copra was redried before shipment to [the] Copra Marketing Board and copra marketed through the societies fell from £16,000 in April to £2,000 in August.⁹⁴

Thus, whilst Morris acknowledged statements “made by private persons ... against the Co-operative movement because of its supposed failure to improve copra”, he responded by arguing that the Tolai situation provided “a typical case of encouragement being given by traders, for natives to produce a second-rate product”. What followed however, was a tacit admission that the decline in society produced copra reflected a problem internal to the movement itself. According to the Registrar, “much of the falling off in society copra is due to the rejection of copra by the Copra Marketing Board, *but copra was still produced and sold to Chinese traders*”.⁹⁵

However, rather than re-evaluating the organisation of the movement, its apparent internal failings were attributed to the very “native mind” which co-operation was initially posited as ‘assimilating’. On the Gazelle Peninsula, nine societies were seen as being “subject to mismanagement, incompetence and theft on the part of native employees”; “the rank and file of native members” were accused of not having “grasped the fundamentals of co-operation”⁹⁶; and more generally, that there “appear[ed] to be an element of dishonesty in many societies”.⁹⁷ This perception of dishonesty, in particular ‘theft’ via the reciprocal extension of credit on trade goods, resulted in society storekeepers being prosecuted. Indeed, the extent to which prosecutions were pursued, saw one Society Director report that being “afraid of jail and work ... nobody wants to go into the store”.⁹⁸ With respect to the problem of declining production and its perceived manifestation as reflective of “the native’s failure to heed the advice of staff”, Morris favoured “replacing instruction by mere advice and guidance” for a policy recognising that “nothing short of compulsion will cause the Native Societies to carry out instructions”.⁹⁹

⁹⁴ *ibid.*

⁹⁵ *ibid.* (my italics).

⁹⁶ *ibid.*

⁹⁷ ‘N.G. Co-operatives Endangered’, *Sydney Morning Herald*, 1 August 1957: AA A518/1 EL840/1/4 Part.2.

⁹⁸ Haviland, *Co-operative Journal* No.9189 Loupom Island/Abau Sub-District, 4 March 1960: PNGNA a.16 b.657 f.42-1 Part.3.

⁹⁹ cited in Snowden, 1981, p.196.

The official account of the failure to improve copra standards was indicative of the inability of the Co-operative Section to transcend its essentially mediatory role. Although concerned with checking the potential for individual accumulation, the Section's capacity for extending and intensifying household copra production, thereby increasing per capita returns to labour, was negligible. That the threat of rejection was seen by both Millar and Morris as an 'effective' mechanism for securing the desired intensification of indigenous copra production, underlined the critical extent to which the movement failed to administer the actual disposition of land and labour effort. Thus, in a critique of the Section's procedures and limitations, McCarthy noted:

the Co-operative Registry has worked on the basis of teaching - even forcing - natives to stand on their own economic feet as quickly as possible. In the process the Registry has accepted the inevitability of a measure of sub-standard performance (e.g., the quality of the copra marketed by many societies has been constantly under fire) and a percentage of failures ... The Registry has thus far concerned itself mainly with retailing and marketing, where hard and expensive experience may well be the best teacher. *In organising the fundamentals of economic production, however, errors cannot be rectified by liquidating processes.*¹⁰⁰

7.5

Administrative Intent and the Decline of Co-operatives

According to co-operative pioneer Reverend Clint, indigenous households under the Liberal Administration "were finding their efforts to establish agricultural and trading co-operatives hampered at every turn". The conclusion that, as a result, "Mau Mau type terror might soon break out in New Guinea and Papua",¹⁰¹ whilst rejected by the Anglican Board of Missions, was in fact an extension of their earlier comments. Dated 14 November 1952, *The Anglican Friday*, commenting on Murray's dismissal, stated that the "main criticism has been that he [Murray] has been too pro-native". With respect to the co-

¹⁰⁰ McCarthy, Managerial Staff for Native Economic Development Projects, 20 August 1955: PNGNA a.82 b.344 f.86-5-2 (my italics).

¹⁰¹ Missionary Warns A.W.U on Native Uprising; Church Rebuttal of Claim, *South Pacific Post*, 2 October 1954: AA A518/1 E840/1/4 Part.2.

operative movement, the article stated that the “succeeding Government, under the Liberal Administration, big business and private traders, have impeded the growth of the movement”. Ironically, given Hasluck’s own agrarian bias, the joint mission statement warned that “the greatest tragedy that could befall the natives of Papua would be the creation, by the pressure of white utilisation of their country, of a landless class”.¹⁰²

Contrary to the mission’s claims, the number of co-operative ventures had increased under the Liberal Administration. Responding to criticisms by Ward in the House, Hasluck pointed out that prior to his appointment as Minister:

there were 100 native co-operatives functioning in the Territory of Papua and New Guinea. Today [1952] there are 145 native co-operatives including 21 societies which had been formed by the amalgamation of 70 small societies which had been included in the total of 100 societies functioning in 1949. Thus during the term of the present Government the strength of the native co-operative movement has almost trebled.¹⁰³

Mission criticism of the Administration’s co-operative policy reflected a concern more for self-interest or preservation, than for any prescriptive development doctrine. In a minute dated 18 March 1954, Roberts, responding to mission representations, stated that the “chaotic circumstances” which accompanied the introduction of mission co-operatives in the Northern District, “can for the most part be blamed on the activities of Reverend Clint”. As a result, he “would receive no support whatsoever from the Co-operative Section if he attempted to initiate Co-operative schemes *on the pattern of his former attempt*”. Further, this was to “apply to the Anglican Mission, or indeed any organisation or individual working or supporting work on the above lines”.¹⁰⁴ Anglican criticism of the Administration’s co-operative policy reflected the all-embracing reach of the *Native Economic Development Ordinance 1952* which, in giving the Registrar exclusive jurisdiction over all indigenous ventures, shifted the basis of control from the missions to the state.

¹⁰² ‘Native Co-operatives in New Guinea’, *The Anglican Friday*, 14 November 1952: AA A518/1 E840/1/4 Part.2.

¹⁰³ Hasluck, Native Co-operatives in New Guinea (for Press), 19 September 1952: AA A518/1 E840/1/4 Part.2.

¹⁰⁴ Roberts, Co-operative Movement, Northern District, New Guinea Anglican Mission Representations, 18 March 1954: AA A518/1 E840/1/4 Part.2 (original italics).

This point aside, the more important issue relates to the question of the “creation ... of a landless class”. For Hasluck, the co-operative, as an instrument for inserting commodities into household consumption, was “a means of meeting the needs of the native”. However, expressing concern for the wide powers which the *Native Economic Development Ordinance 1952* accorded to the Registrar, he warned that “although we accept native co-operatives as one of the instruments of native advancement and their greater participation in the economic life of the Territory, we should not regard them as the *only* instrument and we *must* avoid regimentation of the natives”. Concern for the latter, Hasluck continued, meant “we should always be on the watch against turning one of [the] instruments of development into an objective on its own”.¹⁰⁵ Similar views were expressed by Jones and McCarthy, the former asserting “that co-operation is a technique, a method of approach - and not an end in itself”.¹⁰⁶

Fitzpatrick’s observation that as a “method of approach”, the co-operative movement in Papua New Guinea was devoid of an “ethical content”, and that its “goals and functions” were accordingly “mundane and basically economic”,¹⁰⁷ fails to grasp the agrarian discourse through which co-operation was perceived as an “instrument of development”. As an “instrument of development”, the “ethical content” of co-operation was given in the idea of indigenous ‘community’ and the associated ‘values’ which colonial trusteeship sought to realise. Indeed, it was in this sense that Hasluck warned against attaching “undue importance to co-operatives as a means of economic development”,¹⁰⁸ that is, to the neglect of its social or agrarian content. Critically however, the idea of indigenous ‘community’ was fluid, that is, subject to the changing extractive demands of the colonial project. To this extent, co-operation, as an “instrument of development”, was undermined by a shift in the colonial project and hence, a shift in the definition of indigenous ‘community’, or the object of development.

¹⁰⁵ Hasluck, Territory of Papua and New Guinea, *Native Economic Development Ordinance 1951* (comment, p.2), 7 August 1952: AA M1776/1 Vol.2 (original italics).

¹⁰⁶ Jones, *Functions and Policy ... Co-operative Section*, undated: PNGNA a.247 b.320 f.35/8/21; see also McCarthy, *Policy and Functions of the Co-operative Section*, 12 January 1961: PNGNA a.1008 b.17.476 f.1-3-1 Part.1.

¹⁰⁷ Fitzpatrick, 1976, p.79.

¹⁰⁸ Hasluck, *Co-operatives - Papua and New Guinea - Annual Report 1956/57*, September 1957: AA A518/1 EL840/1/4 Part.4.

Co-operation then, was not to be “an objective on its own”. Put otherwise, it was subordinate to the state-sponsored scheme of securing indigenous attachment to the land under conditions of intensified household production. It follows that the inconsistent attitude noted by Snowden toward the place of co-operation within the scheme of smallholder development,¹⁰⁹ reflected the Administration’s perception of the Registrar’s capacity for realising these twin goals. Whilst co-operative policy stipulated “that economic development of the native people shall be through the village unit”,¹¹⁰ the Section’s capacity for intensifying labour within this unit was minimal. Writing on the impact of copra rejections and hence, the Section’s inability to secure the desired standards, the Annual Report for 1953/54 noted that for the Milne Bay societies, “the drop in copra marketing is such that it looks as if there will soon be almost no copra trading by societies unless the people adopt a totally new attitude and willingness to support their societies”.¹¹¹ Later in 1959, and reflecting on the failed introduction of hot air driers into the Ihu area (Central District), the Section conceded that the people were “just not interested in making very much more copra and at present ... any significant increase ... must be forced on them”.¹¹² Indeed, as late as 1963, District Officer for the Abau Sub-District (Central District) J.P. Walsh, reported that despite “the huge number of coconuts planted in this area ... the Aroma coast people were producing at about 1/10th of their capacity”.¹¹³

D.M. Fenbury, a leading figure in the development of ‘native local government councils’ (see Chapter Eight) and critic of the developmental capacity of the Co-operative Section, succinctly grasped the limitations of the movement, arguing in a submission to Hasluck, that “neither form of organisation [producer co-operatives and rural progress societies] is at all interested in levels of per capita production, or in what is happening in regard to land tenure and land usage”.¹¹⁴ Earlier, in a submission to Lambert dated 20 August 1956,

¹⁰⁹ see Snowden, 1981, p.203.

¹¹⁰ Jones, *The Co-operative Movement in Papua and New Guinea*, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2, p.12.

¹¹¹ Millar, *Annual Report: Co-operative Section 1953/54*: PNGNA a.16 b.657 f.42-1 Part.1.

¹¹² cited in Snowden, 1981, p.197.

¹¹³ Walsh, *Intended Agricultural Patrol*, 31 August 1963: PNGNA a.247 b.320 f.35-8-21.

¹¹⁴ Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.3.

Fenbury had expressed the same opinion, adding that insofar as both forms of organisation “are not geared to influence effectively either the evolution of land tenure, or the amount of per capita production”, they constituted an “*inadequate media for systematic economic development*”. Moreover, referring to the rejection of society produced copra, Fenbury questioned the Section’s capacity “to exert control over the quality of what is produced”.¹¹⁵

The tendency for both Millar and Morris to view co-operation as an objective in and of itself, meant that administrative utilisation of alternative instruments of development - i.e. the expanding local government system - were regarded as a threat. In his 1956/57 Annual Report, Morris maintained that the Tolai co-operatives were being undermined by the “competition offered by Asiatic traders on the consumer aspect, whilst on the production side there is the split of interest between Copra and Cocoa, the latter being channelled through Public Utilities under Local Government Council auspices”. The Registrar went on to state, that “this division of economic drive could possibly be beneficial in certain circumstances, but in Rabaul, where the temptation of private trading interests is an ever present threat to the security of native owned economic organisations, any weakening of allegiance through diversified loyalties is to be deplored”.¹¹⁶

Indeed, the Tolai Cocoa Project, administered through the five Gazelle Peninsula local government councils, was itself threatened by the activities of private cocoa traders (see Chapter Eight). However, insofar as the rejection of society produced copra demonstrated an inability “to police cultivation methods”, the division of activities deplored by Morris reflected the official view that the Co-operative Section was incapable of supervising the “processing of a somewhat tricky product like cocoa”.¹¹⁷ It was not that the Registrar exerted too much control in regulating “the tempo and type of development”, but rather, given the Section’s essentially mediatory role, its potential for administering the conditions of production, particularly in relation to land and labour, were necessarily limited. Thus, Hasluck’s response to Morris’ objection to the Administration’s programme

¹¹⁵ Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.29 (original italics).

¹¹⁶ Morris, Annual Report of the Co-operative Section 1956-57: AA A518/1 EL840/1/4 Part.4.

¹¹⁷ Plant, The Potential Role of Native Local Government Councils in Native Economic Development, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.17.

of centralised cocoa processing, was predictably forthright: “it is doubtful whether the Registrar is competent to speak regarding ... administration assistance for the fermenting and marketing of cocoa” and to this extent, his “comments are probably only over enthusiasm for co-operatives without a full realisation of other needs and that other methods, may provide the same or better results than co-operatives”. Later, Morris is accused by Hasluck of holding “an exaggerated view of the place of co-operatives in the development of Papua and New Guinea and its people”.¹¹⁸

Following an address delivered to the 1956 Agricultural Extension Conference by D. Carey on the ‘Problems and Remedies in Native Copra Production’, it was recommended that “Extension work should be aimed at the *family producer unit* and the Ordinances and a controlled market with wider price differentials for grades should be carried out in order to raise the quality of copra”.¹¹⁹ The Administration’s shift in 1956 towards a policy of individual household production, as opposed to the development of communal ventures,¹²⁰ effectively retrenched the role of co-operatives in expanding indigenous commodity production. After 1956, the object of development, whilst enunciating the same welfarist agenda, came to centre on the ‘ordered’ intensification of the household labour process. In short, the extractive demands of the colonial project shifted to focus on the perceived barriers to the realisation of household productive effort - the patterns of indigenous land and labour usage, the regulation of which were deemed beyond the capacity of the Co-operative Section to influence.

Whereas Hasluck accused Morris in 1957, of holding “an exaggerated view of the place of co-operatives in the development” of the Territory, by 1960 the Registrar himself had accepted a retrenched role for his Section in the development of indigenous agriculture. Noting that in Milne Bay the majority of copra was being sold directly to the Copra Marketing Board, he admitted:

¹¹⁸ Hasluck, Co-operatives - Papua and New Guinea - Annual Report 1956/57, September 1957: AA A518/1 EL840/1/4 Part.4.

¹¹⁹ Carey, Problems and Remedies in Native Copra Production, 7 November 1956: PNGNA a.12 b.3925 f.1-4-65a (my italics).

¹²⁰ see Quinn, 1981, pp.176-177.

you just can't compete with the Copra Marketing Board. However the main thing is that the producers are getting the best price for their product. A co-operative is justified only where a service is needed and obviously the need is dwindling in this instance.¹²¹

7.6

Conclusion

Resistance to the subordination of group economic activities to state administered co-operatives ultimately undermined the doctrine of trusteeship as posited through co-operation. At an administrative level however, this decline reflected the conscious decision by the state to transcend the essentially mediatory domain in which the Co-operative Section was situated. Before 1956, expanding indigenous commodity production implied the active promotion of commercial crops within a framework perceived as corresponding to traditional patterns of land and labour usage. After 1956, the object of development shifted however, to the removal of the perceived barriers to the intensification of household labour effort. Implicit was the assumption that labour effort remained fixed in land and that barriers to the realisation of this effort, consisted of low returns to labour and a system of land tenure perceived as incapable of ensuring the retention by households of minimum economic areas. Put otherwise, the aim was to negate the 'independence' of indigenous households with respect to the disposition of land and labour effort. To this extent, the co-operative movement, given its inability "to influence effectively either the evolution of land tenure, or the amount of per capita production", was deemed to constitute an "*inadequate media for systematic economic development*".¹²² Beginning with the structuring of local government policy, the remaining chapters trace the concrete expression of the Administration's programme for intensifying household labour within the broad contours of the agrarian doctrine.

¹²¹ cited in Snowden, 1981, p.203.

¹²² Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.29 (original italics).

Chapter Eight

Economic or Political Development: the Economic Content of Early Thinking on 'Native Local Government Councils'

8.1

Introduction

Local government policy, as initially formulated in the period 1947 to 1956, never envisaged area councils as schools for “training natives for self government”,¹ but rather, reflected the belief that the productive potential of indigenous households was realisable only through state administration of a direct and systematic kind. As indicated in Chapter Seven, prior to 1956 the model of smallholder agriculture advanced by the Territory Administration saw individual households ‘independent’ of central government in terms of the disposition of land and labour effort, with control over cash-crop production residing in the colonial state apparatus by virtue of its control over the scheme of smallholder development. Yet, as chief architect of the local government council system, D.M. Fenbury (then D.M. Fienberg) fully realised, the liberal belief in ‘progress’ had failed and it was not sufficient for the Administration to situate itself in a mediating role between smallholders and international commodity markets, much less maintain the productivity of labour under conditions subject to fluctuations in capital accumulation at a global level. Instructive were examples from West Africa, where world surpluses of bulk cocoa and the superimposing of cocoa production on existing land tenure and land use systems had combined to produced fragmentation in landholdings, declining product quality and colonial unrest.

¹ cited in Waddell, 1979, p.186.

The target of local government policy was “the systematic development of native agricultural potential”.² That is, it sought to negate the perceived inability of orthodox, “peripatetic”, agricultural extension practice to extend administrative control over the scheme of household production in such a way that, 1) prevented fragmentation in landholdings by establishing smallholders on agricultural holdings of an ‘economic size’; 2) organise marketing; and 3) organise production and processing along lines designed to yield a high-quality product. The point was not to negate the welfarist agenda through which the post-war primacy of smallholder production in Papua New Guinea was secured, but rather to maintain it under conditions of intensified economic activity. It follows, that as part of a broader development strategy, ‘Native Local Government Councils’ were initially formulated as artefacts of intentional development.

8.2

The Origins of Local Government Policy: British Antecedents

At a comparative level, much of the criticism of New Guinea local government policy is derived from its perceived departure from British colonial practice, in particular the Lugardian model of administration based on ‘indirect rule’. This model, according to Healy, sought to produce in the colonies “civilisations *sui generis* ... with political and legal infrastructures adapted to local cultures”. In contrast, Australian colonial philosophy, insofar as it was ‘premised’ on “the wholesale importing (and imposing) of metropolitan institutions”, represented “the diametric opposite of British thinking and methods”.³

Certainly, early suggestions as to the structure of post-war area administration in Papua New Guinea were conceived along traditional British lines.⁴ For example, in 1946 Hogbin advocated that the “obvious course” in reforming administrative methods was “to give the native institutions official recognition and confirm the elders in their appointment”.⁵

² Fenbury, Notes on Native Policy, 17 April 1956: AA M331/1 35, p.7.

³ Healy, 1986, p.2. For a more balanced, critical perspective, in which the administrative system of ‘indirect rule’ is more accurately grasped as a form of ‘decentralised despotism’, see Mamdani, 1996.

⁴ see Mair, 1970, pp.81-82.

⁵ Hogbin, 1946, p.62.

However, at a purely comparative level, and in the context of post-war development practice, this dichotomy between 'direct' and 'indirect' forms of colonial administration is pure sophistry. As a form of administration, 'indirect rule' was effectively abandoned by the Colonial Office in 1947. In February of that year, Britain's Labour Secretary of State Arthur Creech Jones, issued a circular dispatch calling for the development of an "efficient and democratic system of local government"⁶ which, in the words of Assistant Under-Secretary of State Andrew Cohen, was to "incorporate the essence if not the precise forms of English Local Government".⁷

The literature concerning the motivation behind this revision is as extensive as it is diverse. For historian Robert Pearce, "the 1947 plans were a mature and systematic exposition of Colonial Office thinking, a consistent and conscious strategy of decolonisation".⁸ Self-government, in other words, evolved from the Colonial Office to the colonies. An alternative explanation however, points to the apparent determination of the Attlee Labour Government to refashion Britain's relationship to its African Territories, as a response to the 1947 sterling crisis and the final withdrawal from India. In this sense, the plans for political reform were an adjunct to the main thrust of colonial policy, which was to "centralise imperial economic policy around the entity of a British national economy".⁹ Against this background, the liberal doctrine of free trade in goods was recast in the sense that production, particularly of raw materials and foodstuffs, became the direct object of colonial policy.¹⁰ The corollary in terms of local government reform, was clear: according to Creech Jones, the reformed 'native' local government councils were to be vehicles for securing "a revolution in African productivity".¹¹

⁶ Circular Dispatch from Mr Creech Jones to the African Governors, 25 February 1949. In Hyam, R (ed.), *The Labour Government and the End of Empire (Part.1)*. London: HMSO Publications Centre (1992), pp.119-129.

⁷ cited in Pearce, 1982, p.153.

⁸ Pearce, 1984, p.86; see also Flint, 1983.

⁹ Cowen and Westcott, 1986, p.20; see also Crook, 1984, p.89; and Fieldhouse, 1988, pp.139-142.

¹⁰ Cowen and Westcott, 1986, pp.59-60.

¹¹ Creech Jones, [Agricultural Productivity in Africa] Colonial Office Circular Dispatch to African Governors, 22 February 1947. In Hyam, R (ed.), *The Labour Government and the End of Empire (Part.2)*. London: HMSO Publications Centre (1992), pp.252-255.

The perception within the Colonial Office was that 'indirect rule', in perpetuating the continuation of existing patterns of land and labour utilisation, "would lead inexorably to a decline in agricultural production".¹² The oddity of colonial administration in Africa was that prior to 1947, it had never systematically engaged in transforming traditional patterns of agrarian reproduction. According to Colonial Research Officer R.E. Robinson, "the abandonment of the economic conservatism of indirect rule", was thus compelled by the perception that "the economic base of native society, if left substantially unchanged, is in danger of collapse under the weight of increasing population and land shortage, expanding cash crop production and soil deterioration".¹³ It follows, that the purpose in reforming the 'Native Authorities' was to secure more developmentally oriented instruments of colonial administration. As Creech Jones explained: "the main economic problem of the African Territories [is] ... agricultural productivity", in which "present economic development in the agricultural sphere is held back by the low standard of productivity of the African peasant by his unwillingness to adopt improved agriculture methods and by his failure to take proper measures for the conservation of the soil". Moreover, "the Native Administrations", Creech Jones continued, "have not reached the stage when they can exercise effective control over land usage, much less when they can play any substantial part in the reorganisation of agricultural production".¹⁴

That the dual mandate had faltered was recognised by Murray. As noted in Chapter Four, the Papua New Guinea Administrator spoke in 1949 of learning from the West African experience of "low-efficiency peasant production" in which "extensive cash-crop production has been associated with primitive agricultural methods".¹⁵ Yet, if Murray recognised British concerns over the loss of productive force, it remained that in

¹² *ibid.*

¹³ R.E Robinson, *Some Recent Trends in Native Administration Policy in the British African Territories, 1947*. In Hyam, R (ed.), *The Labour Government and the End of Empire (Part.1)*. London: HMSO Publications Centre (1992), pp.153-157. For an excellent summary of how concerns for the loss of African productive force entered into, and came to dominant, the agricultural discourse of the Colonial Office, see David Anderson's (1984), 'Depression, Dust Bowl, Demography, and Drought: The Colonial State and Soil Conservation in East Africa During the 1930s'.

¹⁴ Creech Jones, [Agricultural Productivity in Africa] Colonial Office Circular Dispatch to African Governors, 22 February 1947. In Hyam, R (ed.), *The Labour Government and the End of Empire (Part.2)*. London: HMSO Publications Centre (1992), pp.252-255.

¹⁵ Murray, 1949, p.54.

commenting on the Tolai cocoa industry in August 1955, the Director of the Department of District Services and Native Affairs J.K. McCarthy, warned that “to date our approach has been the usual one of attempting to graft cash cropping onto a subsistence base”.¹⁶ Whilst control over cash crop production rested with the Administration by virtue of its control over the scheme of smallholder development, individual households retained the right to regulate labour, in that, the introduction of export crops took place through existing patterns of customary land tenure. For Fenbury, the extent to which co-operative and rural progress societies were capable of transcending this essentially mediatory role was negligible. As he saw it, “neither form of organisation is at all interested in levels of per capita production, or in what is happening in regard to land tenure and land usage”.¹⁷

For Fenbury, the ideal of a ‘thriving and settled peasantry’ was a myth. In 1947 *South Pacific* reprinted a dispatch from Governor Mitchell of Kenya to Creech Jones, in which the supposition that “a high standard of living can be erected on a basis of production and a system of agriculture ... which has been evolved to enable primitive tribes to subsist in a primitive way” was declared “an idle dream”. For the Governor, the loss of productive force was reflective of the fact that “an ignorant man and his wife with a hoe are a totally inadequate foundation for ... a high standard of living and elaborate social services”.¹⁸ Fenbury’s response was emphatic: “the message for New Guinea”, he declared, “was that the ideal of the sturdy peasant proprietor, farming his piece of tribal land and achieving a comfortable standard of living by producing his own subsistence food, together with sufficient cash crops to purchase his imported needs and pay for his social services, is a rosy dream incapable of being realised”.¹⁹

The initial development of New Guinea local government policy is inseparable from the writings and work of Fenbury. Described by Hasluck, as “one of the most intelligent and articulate of the pre-war officers”,²⁰ Fenbury was appointed head of the newly created Native Authorities Section in December 1949, the role of which was “to provide guidance

¹⁶ McCarthy, Managerial Staff for Native Economic Development Projects, 20 August 1955: PNGNA a.82 b.344 f.86-5-2.

¹⁷ Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.3.

¹⁸ Mitchell, 1947, pp.21,24.

¹⁹ Fenbury, 1947, p.5.

²⁰ Hasluck, 1976, p.186.

and assistance in the initial organisation of councils”.²¹ Prior to this appointment, he was sent to study ‘native’ administration in East Africa and in 1946 was seconded to the Colonial Office where he worked with G.B. Cartland at the time when the Executive Officer was leading the charge for the abandonment of indirect rule.²² It follows that to suggest, in the words of Healy, that Fenbury returned to Papua New Guinea with a revised perspective “centred on the idea of Native Authorities, which had been worked out in British Africa over some fifty years”,²³ is to gloss over the explicit developmentalism through which post-war colonial reform in Africa was conceived. Fenbury was no champion of custom or of traditional forms of autonomy. He rejected attempts “to fossilise the institutions of a decaying tribalism”,²⁴ particularly those institutions perceived as impediments to economic development. Thus, on the land question, Fenbury advocated “a deliberate policy of destroying customary tenure”, albeit within a welfarist agenda of forestalling “rural indebtedness, a low level of per capita production and a low level standard of product”.²⁵

The Papua New Guinea *Native Village Councils Ordinance 1949* came into effect on 30 December 1949, in which provision was made for the establishment of councils having “such functions as are provided by Ordinance in relation to peace, order and welfare of the native in the area in respect of which it is established”. For the five year period to 1955, nine councils were established: five in the Gazelle Peninsula, two in Milne Bay, one at Hanuabada and one on Baluan Island (Manus). If there was a logic to this distribution, it lay in the supposition that area administration could only be extended to census divisions with an economic potential, or “where there is a political difficulty that a Council might help to overcome”.²⁶ Exemplifying the latter condition, was the establishment of a council

²¹ Jones, Native Local Government Memorandum, 4 February 1952. In Fenbury, D. (1978) *Practice Without Policy: Genesis of Local Government in Papua New Guinea*. Canberra: Development Studies Centre Monograph, No.13, p.265.

²² see Cartland, Factors Affecting Native Administration Policy, January 1946. In Hyam, R (ed.), *The Labour Government and the End of Empire (Part.1)*. London: HMSO Publications Centre (1992), pp.97-102; see also Pearce, 1982, pp.141-144.

²³ Healy, 1979, p.37.

²⁴ Fenbury, Land Tenure in Relation to Native Economic Development, 20 August 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.27.

²⁵ Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.2.

²⁶ Belshaw, 1951, p.221.

on Baluan Island, the promise of which, according to Anthropologist Margaret Mead, had “rescued the constructive elements in the Paliu movement and arrested what might - under other policies - be a focus of trouble and destructive political activity”.²⁷ The basic aims of area administration was conservatively stated as:

1. To provide a medium for teaching natives to assume a measure of responsibility for their local affairs in accordance with democratic procedures;
2. To provide area machinery and local funds for extending and co-ordinating social and public services at village level, and hence to enlist active native support in endeavours to raise native living standards;
3. To face the native population squarely with the fact that progress is inseparable from good order, and industrious habits, and that social services have to be paid for;
4. To prepare the way for ultimately fitting the native people, in a way they can understand, into the Territory’s political system.²⁸

The initial rate at which councils were established was slow. Fenbury noted in 1953, that it would take 105 years to implement area administration throughout the Territory should the rate at which the first three councils were established be continued.²⁹ Indeed, it was not until 1961 and the decision “to use councils as part of the machinery for electing members to the Legislative Council”,³⁰ that the Administration committed itself to a five-year programme which proposed that by 1967, 800,000 persons were to be under local government. In the event, 1,787,567 persons were subject to area administration by 1967.³¹ Given Fenbury’s political conservatism, his desire to evolve a “formula which will result in the indigenous inhabitants of the Territory continuing to regard Australia’s tutelage as essential to their well being”,³² this uneven, or sporadic application raises the important question as to why the initial rate of expansion proceeded so slowly.

²⁷ Mead to Hasluck, 27 August 1953: AA M331/2 169.

²⁸ Fenbury, Memorandum - Native Local Government, 24 October 1953. In Fenbury, D. (1978) *Practice Without Policy: Genesis of Local Government in Papua New Guinea*. Canberra: Development Studies Centre Monograph, No.13, pp.269-270.

²⁹ *ibid.*, p.277.

³⁰ Mair and Grosart, 1972, p.657.

³¹ *ibid.*

³² Fenbury, Land Tenure in Relation to Native Economic Development, 20 August 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.37.

Explanations as to the initial rate of progress have correctly emphasised the anomaly arising from the absence of direct taxation and the principle of voluntary participation.³³ The failure to re-introduce a head tax after 1945 meant that groups electing to form local councils were effectively volunteering to contribute payments for services which would otherwise be freely provided by the Administration. Given such a disincentive (universal direct taxation was not re-introduced until 1958), the principle of voluntary participation, according to Fenbury, represented the “biggest error made to date in the policy implementation”.³⁴ In a submission to Hasluck dated 27 October 1952, McCarthy, then District Commissioner for New Britain, warned of the “unpleasant situation - I could use the word ‘dangerous’ - that can wreck the [local government] policy ... due to dawning native appreciation of the anomalies between tax-paying Council groups and tax-free non-Council groups - particularly those who have ... rebuffed the ‘voluntary participation approach’”.³⁵ Indeed, the blanket refusal by one Tolai village at Raluana to be incorporated into the council system, was seen by Fenbury to represent “the biggest obstacle to changing-over, on a comprehensive scale, to area administration”.³⁶

These anomalies aside, principal culpability for the slow rate of progress was placed on those District Officers who saw in the extension of local government councils, a direct challenge to existing forms of autocratic administration and who, in being given the responsibility for ‘promoting’ the shift to area administration, were able to obstruct council development. As Fenbury explained: “the extreme caution with which they [councils] have been promoted is presumably due to the political connotation of the term local government”.³⁷

Certainly early statements on local government policy may have created uncertainty towards the precise role of councils - that is, their conception as “comprehensive instruments of central government” or as an “essential step in training natives for self-

³³ see Waddell, 1979, p.187-190; and Simpson, 1978, pp.39-42.

³⁴ Fenbury, Memorandum - Native Local Government, 24 October 1953. In Fenbury, D. (1978) *Practice Without Policy: Genesis of Local Government in Papua New Guinea*. Canberra: Development Studies Centre Monograph, No.13, p.276.

³⁵ cited in Fenbury, 1978, p.72.

³⁶ Fenbury, Notes on Native Policy, 17 April 1956: AA M331/1 35, p.8.

³⁷ *ibid.*, p.3.

government". Yet, it is important not to over-state this point: the contradiction, however construed, was erroneous. Fenbury never intended local government councils to act as vehicles for nationalist aspirations. He quoted with approval, the Administration's position that "local government policy is essentially orthodox general native administration of a more systematic and progressive kind than hitherto practised in this Territory".³⁸ Similarly, whilst acknowledging the political connotation of the term 'local government', Fenbury reaffirmed his earlier statements by adding that in practice, councils "do not mean any diminution of Administration control".³⁹ At the 1956 Agricultural Conference of Extension Officers, Native Authorities Officer H. Plant, in specifying the extent of this control, advised that councils "are essentially administrative organisations whose membership, constitutions, finances, rule-making powers, policies and executive acts are all subject to Administration control". He added: "the principal role the Council can play in economic development schemes is that of a body, representative of native opinion, where we can get native endorsement and acceptance of our proposals".⁴⁰ Where Fenbury departed from his administrative colleagues, was not so much in his acceptance of 'enlightened' colonial practice, but rather in his conceptual capacity to appreciate the potential for accumulation and differentiation in smallholder agriculture.

At the 1948 District Commissioners Conference, McCarthy articulated the general domain of local government practice, by stating that "in establishing village councils ... the greatest emphasis should be placed on the social and economic development of the people and that the political side be kept in the back-ground".⁴¹ Put simply, the aim was to secure in Papua New Guinea structures through which the Territory Administration could move beyond its mediatory role, to one which was capable of intervening more directly in raising the productivity of indigenous households. As Fenbury put it, the key supposition underpinning the work of the Native Authorities Section, was that "without some form of clearly defined and systematically regulated administrative machinery in native areas, no

³⁸ cited in Waddell, 1979, p.189.

³⁹ Fenbury, Notes on Native Policy, 17 April 1956: AA M331/1 35, p.12.

⁴⁰ Plant, The Potential Role of Native Local Government Councils in Native Economic Development, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.7.

⁴¹ Proceedings of the Conference of District Officers held at Port Moresby 18 to 28 February 1948: UPNG, Port Moresby.

consistent policy of native development of any sort is possible".⁴² In this sense, Mair was correct to suggest that Fenbury directed local government policy with an eye on Creech Jones.⁴³

8.3

Agricultural Reform and Local Government Policy

The primary objective of local government policy was to maintain indigenous attachment to the land under conditions of *intensified economic activity*. Inherent was the assumption that labour effort remained fixed in land and that barriers to the realisation of this effort consisted of low returns to labour and a system of land tenure perceived as incapable of ensuring the retention by households of minimum economic areas. For Fenbury, factors undermining the agrarian doctrine - rural poverty, landlessness and deteriorating conditions of production - were not solely attributed to forces external to indigenous society - i.e. land alienation for Australian settlement. In a letter dated 25 June 1955 to the Governor of the Commonwealth Bank H.C. Coombs, Fenbury cautioned that should "a messy pattern of customary land tenure" be allowed to evolve, then "increasing fragmentation of holdings as [the] population rises, [the] buying and selling of land, [the] rise of an entrepreneur land-owning class, [and the] gradual emergence of a proletariat and tenant farming class" would result.⁴⁴ Indicative of the Administration more generally, Fenbury held an entrenched antipathy towards what was perceived as the emergence of the "native demagogue". It follows, that agrarian reform was not seen as creating conditions for an aspiring class of indigenous capital to map-out a trajectory for accumulation in smallholder agriculture. Rather, by preventing fragmentation in landholdings, the object of state policy remained the middle peasant, the development of whom was seen as predicated on the negation of underemployment/proletarianisation by securing, through the direct administration of land, the attachment of indigenous households to smallholdings of a

⁴² Fenbury, Memorandum - Native Local Government, 24 October 1953. In Fenbury, D. (1979) *Practice Without Policy: Genesis of Local Government in Papua New Guinea*. Canberra: Development Studies Centre Monograph, No.13, p.276.

⁴³ Mair, 1970, p.87.

⁴⁴ Fenbury, 1978, p.248.

sufficient 'economic size'. Examples from West Africa were instructive: according to Plant, "fragmentation of holdings, bad farming and rural poverty" were symptomatic of "considerable peasant production of cocoa ... on native land under conditions of customary tenure and without the exercise of Government control over land".⁴⁵

Lambert's seminal 1956 paper on 'Native Economic Development in Papua and New Guinea', in giving expression to the shift in developmental approach from village agriculture to individual household production, defined economic development as "nothing more or less than the progressive raising of the standards of living of the native people".⁴⁶ Translated into administrative practice, for Fenbury achieving this, that is "native prosperity, and hence native political stability", was dependent on two factors: "(i) the amount of per capita income; and (ii) the quality of the product". Achieving the first was seen as dependent on the organisation of "economic production on a land tenure basis which ensures the retention by growers of minimum economic areas"; and the second, by encouraging "plantation type production, with centralised processing".⁴⁷ Further, governing both factors was the need to increase the intensity of labour. On this point, Fenbury noted that "spot analyses of how the average Tolai villager spends his time have yielded some disconcerting results". Deducting time spent on 'church work', communal public works, subsistence agriculture and time spent preparing for and attending traditional celebrations, Fenbury patronisingly concluded "that the average adult Tolai 'economic unit' did not devote more than 9 days per month to economic production throughout the year".⁴⁸

For Fenbury then, "a good standard of production" implied the "employment of a system whereby the native cultivator is under constant surveillance".⁴⁹ To this extent, co-operative and rural progress societies, "insofar as they are not geared to influence

⁴⁵ Plant, *The Potential Role of Native Local Government Councils in Native Economic Development*, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.8.

⁴⁶ Lambert, *Native Economic Development in Papua and New Guinea*, 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU.

⁴⁷ Fenbury, *Notes of Native Policy*, 17 April 1956: AA M331/1 35, p.13.

⁴⁸ Fenbury, *Land Tenure in Relation to Native Economic Development*, 20 August 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, pp.14-15.

⁴⁹ Fenbury, *Notes re. Policy on Native Land Tenure*, 17 May 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.3.

effectively either the evolution of land tenure, or the amount of per capita production”, provided an “*inadequate media for systematic economic development*”.⁵⁰ Moreover, referring to the rejection of society produced copra by the Copra Marketing Board, Fenbury questioned their capacity “to exert control over the quality of what is produced”. Insofar as the *Native Economic Development Ordinance 1952*, the legislation under which the majority of co-operative societies were registered, was “not geared to police cultivation methods through the Department of Agriculture ... or to supervise processing”,⁵¹ it was deemed particularly inadequate for “a somewhat tricky product” such as cocoa. To repeat an earlier point, it was not that the Registrar of co-operatives exerted too much control in regulating “the tempo and type of development”, but rather, given its essentially mediatory role, its potential for administrating the conditions of production, particularly in relation to land and labour, was necessarily limited. Commenting on co-operative rice production at Amele (Madang), Fenbury cautioned that “for all the enthusiasm the amount of rice being produced per cultivator ... was contemptibly small”.⁵²

Systematic development then, involved “working through some form of area organisation capable of exerting close and continuous control”.⁵³ In elaborating this aspect of local government policy, the underlying proposition was not simply that “a tribal system of land tenure is incompatible with permanent tree-crop production”, but rather, to paraphrase Cowen and Shenton, that indigenous living standards could not be raised without state organisation of production, “without taking up the positive side of trusteeship, without, in a word, development”.⁵⁴ It follows that avoidance of what Fenbury called “the classic British error”, was seen as predicated on not limiting development practice “to demonstration work, and the provision of assistance with communications and marketing, leaving land tenure and usage to the general evolution of the cultural-contact

⁵⁰Fenbury, Land Tenure in Relation to Native Economic Development, 20 August 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, pp.14-15 (original italics).

⁵¹ Plant, The Potential Role of Native Local Government Councils in Native Economic Development, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.17.

⁵² Fenbury, Land Tenure in Relation to Native Economic Development, 20 August 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.15.

⁵³ Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.3.

⁵⁴ Cowen and Shenton, 1996, p.269.

situation”.⁵⁵ Explicit was the supposition that the productive potential of indigenous households was realisable only through state administration.

The first of four council schemes to give concrete expression to the aims of area administration began in 1952 at Vudal (East New Britain). The basic aim of the Scheme “was to achieve the technical advantages of a relatively large plantation lay-out (facilitation of central processing, pest and disease control etc.) with the administrative and political advantages of individual smallholdings”.⁵⁶ Earlier, in response to Lambert’s comments on tenure conversion, Fenbury had advised against a wholesale shift to individual smallholdings and in particular, the individualisation of subsistence agriculture. He argued that due to “overtones of ritual and social obligations ... subsistence agriculture must be kept geared to the evolution of native society”. The point was to separate commercial production from existing systems of customary tenure and labour utilisation: “in a new sphere”, Fenbury wrote, “he [the indigenous farmer] is more susceptible to new ideas”. The end goal remained the individualisation of landholdings, of which control by the Administration of commercial production was seen as “accelerat[ing] the evolutionary trend towards completely individual farming, and promot[ing] a favourable climate for its acceptance”.⁵⁷

With the Vudal Scheme, “the ‘individual farming’ concept” was thus “restricted, in the first instance, to the cultivation of specific crops”. One-thousand acres of uncleared land was leased to the Rabaul Council, of which “half of the area ... was made available to council residents for food gardening only”, whilst the remaining half “was carved up into 96x5 acre blocks, and sub-let, through sub-leases drawn up and executed by the Lands Department, to native applicants”.⁵⁸ The sub-lease agreements specified that land was to be cleared and planted with cocoa by the sub-lease holders. Technical requirements stipulated time limits for clearing and planting, the number of cocoa trees was tied to the capacity of labour (measured in annual returns to labour, i.e. £500), the regular harvesting

⁵⁵ Plant, *The Potential Role of Native Local Government Councils in Native Economic Development*, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.8.

⁵⁶ Fenbury, 1978, p.236.

⁵⁷ Fenbury, *Land Tenure in Relation to Native Economic Development*, 20 August 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.4.

⁵⁸ Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.8.

of cocoa once trees were bearing was to be enforced and the planting of trees for shade was to be regulated along with pest control measures. Also the transfer or sub-division of smallholdings was prohibited without council approval.⁵⁹ In line with the stated purpose of circumventing the comparative problems with product quality associated with West African cocoa, a central fermentary was planned for “supervised bulk processing and marketing”.⁶⁰

The planned separation of commercial cropping from subsistence agriculture, and the positing of the former as the object of development, clearly situated the developmental role of area administration almost exclusively in terms of land and labour utilisation. As Native Affairs Director A.A. Roberts, writing on the Ambenob (Madang) Scheme made apparent: attempts to regulate existing patterns of subsistence agriculture would, “in their social repercussions ... produce results extending far beyond the original question of land tenure and utilisation”⁶¹ - that is, the defined sphere of local government intervention.

Land tenure was not the only mechanism through which the direct organisation of production could be secured. Intensified production, or production directed at securing higher per capita returns to households, was seen to require centralised processing, of which the Tolai Cocoa Project represents the sole concrete example.⁶²

8.4

The Tolai Cocoa Project

In a letter dated 19 July 1957, Gunther described cocoa “as an ideal peasant crop”, but one in which “it is essential that the Administration ensures is soundly developed”. The potential for increased productive effort was thus, from the outset, seen as realisable only

⁵⁹ Plant, *The Potential Role of Native Local Government Councils in Native Economic Development*, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.12.

⁶⁰ Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.8.

⁶¹ Roberts, *Native Economic Development - Madang District*, 28 September 1956: PNGNA a.12 b.16.664 f.9-1-12.

⁶² Plant, *The Potential Role of Native Local Government Councils in Native Economic Development*, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.15.

through state administration. To this extent, the Assistant Administrator added, “we will have to think and act for the peasant”.⁶³

In 1951, aware of the difficulties involved in establishing an indigenous smallholder cocoa industry, “the Departments of Agriculture and Native Affairs combined in a vigorous extension programme designed to systematise the infant Tolai cocoa industry while it was still feasible to do so”. The aim “was to circumvent the classic problems associated with peasant-type production and marketing of a somewhat tricky crop by developing arrangements that would give indigenous growers the technical advantages of plantation-type management and marketing while providing for maximum grower participation”.⁶⁴ Giving expression to this attempt at systematisation was the *Cocoa Ordinance 1952*, which required cocoa growers to be registered and that persons “shall not plant or keep planted cocoa trees unless the trees are in one continuous grove containing not less than five hundred trees”.⁶⁵ By 1955 a total of 1,184,459 cocoa trees “in all stages of development” had been planted in the five areas under local government councils, of which 697,285 were registered under the *Cocoa Ordinance 1952*.⁶⁶

The registration of growers and the regulation of minimum tree numbers stands in contrast to the pattern of indigenous coffee expansion in the Highlands where no such controls were considered (see Chapter Six). The aim was to negate the perceived failings of Western African cocoa production, in which households, reportedly unfamiliar with the need to maintain ageing smallholdings, left gardens subject to declining yields to fallow, moving on to recently cleared land and higher yielding younger trees. According to Polly Hill’s study of cocoa farming on the Gold Coast, this practice of shifting cocoa cultivation was intensified during periods of over-supply and declining returns to growers, in that, unable to employ labour “many farms, perhaps already partially abandoned, were at once

⁶³ Gunther to Barrett, 19 July 1957: ANU Archives q.22 b.22 f.1.

⁶⁴ Tolai Cocoa Project, A Summary Report Compiled by the Department of the Administrator from Material Submitted by the Departments of Agriculture, Trade and Industry and District Administration and Outlining Developments up to March 1965: PNGNA a.82 b.5476 f.4-1-10 Part.1, p.1; see also Epstein, 1968, p.114.

⁶⁵ *Cocoa Ordinance 1952, Laws of the Territory of Papua and New Guinea (annotated) 1949-1951*, p.175.

⁶⁶ Williamson, 1958, p.595.

totally abandoned”.⁶⁷ The result, as one Departmental Report put it in 1918, was that “diseased and squirrel-eaten pods of two seasons were hanging on the trees together with the fresh young pods ... all supplemented by a perfect forest of young cocoa seedlings ... as well as a superabundance of untended sucker growths”.⁶⁸

West African cocoa was of the bulk variety, which as a ‘peasant’ commodity in the 1950s was subject to global conditions of over-production. Thus, in Papua New Guinea acting on behalf of indigenous households, or securing cocoa’s viability “as an ideal peasant crop”, necessitated the organisation of production towards producing quality grade cocoa for which there existed an assured market. Underpinning the *Cocoa Ordinance 1952* was the conscious intent to coerce smallholders into producing ‘fine and flavour cocoa’, as opposed to the Western African bulk variety. It follows, that the Ordinance “was introduced”, according to the 1965 Report, “to prohibit ... the haphazard planting of cocoa trees through bush areas”,⁶⁹ thereby creating conditions consistent with the aim of supervised production. Moreover, the 1947 outbreak of the swollen shoot virus in the Gold Coast (Ghana), and the political unrest arising not so much from the immediate effects of the virus itself (infected trees continue to produce for up to two seasons), but the coercive measures taken to combat it, further underlined to the Administration the need to control indigenous cocoa expansion.

The 1965 Report also noted that “concomitant with the upsurge of indigenous interest in cocoa cultivation was the development of the Tolai Native Local Government system”. In reality both were synonymous: council revenue and hence, its developmental viability, was determined by per capita returns to labour (the object of development), the raising of which was to be assisted through an administered and controlled emphasis on centralised bean quality - the production of fine and flavour cocoa. Fearing the proliferation of “backyard fermentaries” and, being outside immediate administrative control, their potential for “yielding an inferior bean”, the Administration’s aim was to secure a system of centralised

⁶⁷ Hill, 1956, pp.107-109.

⁶⁸ cited in *ibid.*, p.109.

⁶⁹ Tolai Cocoa Project, A Summary Report Compiled by the Department of the Administrator from Material Submitted by the Departments of Agriculture, Trade and Industry and District Administration and Outlining Developments up to March 1965: PNGNA a.82 b.5476 f.4-1-10 Part.1, p.1.

processing subject to regulation by the Department of Agriculture. Registered under the *Native Local Government Council Ordinance 1949-1954*, the five Tolai councils, empowered to “organise, finance or engage in any business or enterprise” and to pass rules covering cocoa cultivation practices,⁷⁰ provided the medium through which the Administration could direct cocoa production along lines designed to intensify household productivity and hence, increase the returns to labour.

The stages through which the Tolai Cocoa Project progressed are well-known. Briefly, the impetus for the Project appears to have been underlined by what was described as “the first disastrous attempts by individual growers to process their own beans at Malekuna”.⁷¹ The first phase saw the Vunamami Council appropriate from its revenue £240 for the construction of a cocoa fermentary. This was followed by the Reimber/Livuan councils. “Each fermentary was set up to operate as a financial entity quite separate from its parent council”.⁷² Set up as non-profit public utilities, the fermentaries did not purchase and hence, did not assume ownership of the product, but were rather solely concerned with processing and marketing. Individual growers who wished to have their beans processed and sold, “registered with one of the fermentaries, which paid advances on wet bean intake and a final settlement after the consignment had been sold and operating costs deducted”.⁷³ Insofar as the Project was a Tolai endeavour, it was set up specifically for cocoa growers,

⁷⁰ For example, rules enacted by the Rabaul Council relating to the fermenting of cocoa included: 1) “within the area of the Council natives shall only ferment cocoa beans at fermentaries that have been approved by an Officer of the Department of Agriculture, Stock and Fisheries”; 2) “any native who wishes to ferment cocoa beans at a fermentary within the area of the Council other than at a central fermentary supervised by the Department of Agriculture ... shall report the location of his fermentary to the Council Office and shall not carry out ferments until his fermenting installations have been approved by the Department of Agriculture”; 3) “it is the responsibility of any native or natives who operate a fermentary to ensure that the fermentary boxes are kept free from mould and other harmful matter and that fermenting premises and surroundings are kept clean and free from broken cocoa pods and rubbish”. Further, rules relating to plantation and garden maintenance demanded that the indigenous smallholder “keep his land free of rubbish, including broken or diseased or germinated cocoa pods, germinated coconuts and other matter liable to cause disease”; see Derham, D.P. (1960) *Report on the System for the Administration of Justice in the Territory of Papua and New Guinea*. Report for the Honourable Minister for Territories, Mr. Paul Hasluck, M.P: UPNG, Appendix Q, pp.8-9.

⁷¹ Tolai Cocoa Project, A Summary Report Compiled by the Department of the Administrator from Material Submitted by the Departments of Agriculture, Trade and Industry and District Administration and Outlining Developments up to March 1965: PNGNA a.82 b.5476 f.4-1-10 Part.1, p.2.

⁷² *ibid.*

⁷³ Epstein, 1968, p.118.

in keeping with the primary aim of “achieving and maintaining an adequate level of per capita native production”.⁷⁴

The second phase saw the direct attachment of money capital to the Project. Total dry bean cocoa production for 1953 was 77,500 lb., of which 50% was processed by the Tolai Cocoa Project and the remaining 50% by local traders. In 1954 total dry bean production had increased to 248,100 lb., of which 136,479 lb. (up from 38,752 lb. in 1953) was processed through the Projects fermentaries.⁷⁵ Having set the desired level of supervision at one fermentary per 50,000 trees, the demand for processing facilities had by 1954 outstripped the ability of councils to finance the Project from their general revenues. In October 1954 “the Reimber/Livuan councils (which had a joint Treasury) obtained a £1,000 loan at 4 $\frac{3}{4}$ % from the Administration Treasury, repayable at the rate of £500 per year”. The Vunamami and Vunadadir councils each received loans totalling £2,000 on similar terms. An additional £9,021 was secured directly from participating growers who “voted into the Project the undistributed proceeds representing final payments on several consignments of cocoa that had been sold”.⁷⁶

In 1955 Tolai dry bean cocoa production, processed by the projects fermentaries, totalled 373,408 lb., increasing to 1,376,928 lb. in 1958. As noted, a study undertaken in 1955 by the Departments of Agriculture and Native Affairs put the total number of cocoa trees, “in all stages of development”, at 1,184,459. This resulted in the elaboration of a Cocoa Action Plan for governing the scheme of smallholder cocoa development. The plan recommended a production target of 25,000 tons - Australia’s import requirement - at which point “future policy [was to be] ... reviewed in light of world market prospects”. To achieve this target, the Administration planned to encourage indigenous “expansion of cocoa areas on all land suitable for the crop, [and] where adequate technical supervision could be provided”. Where no such supervision was forthcoming “no encouragement [was]

⁷⁴ Plant, *The Potential Role of Native Local Government Councils in Native Economic Development*, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.14.

⁷⁵ Epstein, 1968, p.116.

⁷⁶ Tolai Cocoa Project, *A Summary Report Compiled by the Department of the Administrator from Material Submitted by the Departments of Agriculture, Trade and Industry and District Administration and Outlining Developments up to March 1965*: PNGNA a.82 b.5476 f.4-1-10 Part.1, p.3.

to be given to native growers". It follows, that "indiscriminate planting [was] not to be tolerated" and "all planting [was] to be planned in such a way as to make use of central fermentaries", which in turn were "to be under the supervision of agricultural extension officers".⁷⁷ That the expansion of smallholding cocoa production was a state-centred process was given in the fact that production targets were reported on annually and any amendments to the overall design of the scheme required ministerial approval. The target of 25,000 tons was reached in 1968, of which smallholders accounted for 6,000 tons.⁷⁸

Given the supervisory target of one fermentary per 50,000 trees, plus New Guinea's climatic conditions, in which two-ninths of the total annual crop is produced in a single flush lasting six weeks, estimates projected a need for twelve processing centres involving installations costing £80,000 (total). Further, "there was also a foreseeable need for the project to obtain additional loan finance as various currently imponderable production factors emerge more clearly".⁷⁹ It followed that the third phase of the Project involved tying household labour to an international circuit of money capital.⁸⁰ In December 1955 the Administration agreed to guarantee an initial loan of £80,000 at 4 $\frac{3}{4}$ % interest from the Bank of New South Wales to the Tolai councils. "Agreements between the Administration and the councils provided that each unit pledge its assets to the Administration",⁸¹ thereby securing centralised control for the duration of the loan. By 1964, total money capital superintended through what was then a single Gazelle Peninsula Local Government Council amounted to £213,778.

⁷⁷ Cocoa Action Plan, 21 June 1955: AA A452/1 57/3874.

⁷⁸ MacWilliam, 1992, p.127. Cocoa output from smallholdings surpassed that produced by plantations and estates in 1979.

⁷⁹ Tolai Cocoa Project, A Summary Report Compiled by the Department of the Administrator from Material Submitted by the Departments of Agriculture, Trade and Industry and District Administration and Outlining Developments up to March 1965: PNGNA a.82 b.5476 f.4-1-10 Part.1, p.3.

⁸⁰ The term money capital, as opposed to finance capital, is used for although advanced as credit from the Bank of New South Wales, capital attached to project was circulated through the Administration for the purpose of stimulating the production of internationally consumed commodities which entered into a full circuit of capital; see MacWilliam, 1992, pp.131-133.

⁸¹ Tolai Cocoa Project, A Summary Report Compiled by the Department of the Administrator from Material Submitted by the Departments of Agriculture, Trade and Industry and District Administration and Outlining Developments up to March 1965: PNGNA a.82 b.5476 f.4-1-10 Part.1, p.4.

In summarising the achievements of the Tolai Cocoa Project, the 1965 Report listed as foremost the “circumventing [of] the problems traditionally associated with peasant production, by channelling the raw produce of smallholders through properly equipped and supervised installations of modern design, thereby achieving uniformity in standards and a high quality product”.⁸² Yet, at the same time, the implicit separation between production and marketing, between the final product and the conditions under which it was produced, necessarily limited the scope of the project. As McCarthy pointed out, the scheme “cannot hope to influence materially the land situation which, on the Gazelle Peninsula, has already evolved a considerable distance along the lines” of what he had described in the same memorandum as “a tenant farming peasantry with a low per capita income”. Calculating that the five year period to 1960 “should yield 2,000 tons of dried cocoa beans annually”, and allowing for the price to fall from £350 to £250 per ton, the Native Affairs Director noted that an estimated net group income of £400,000 “would work out at approximately £45 per annum per native grower”. It followed, that for McCarthy, the “important question regarding the Administration’s management policy”, related to the fact that “the average Tolai grower cultivates less than half an acre of cocoa - an inadequate area”. Moreover, the problem of low per capita returns to labour was heightened by the fact that “the Tolai’s, by Territory native standards, are extremely wealthy”.⁸³

The limits to the Tolai Cocoa Project, and their conceptualisation by the Administration in terms of its incapacity “to influence materially the land situation”, was also seen to account for the fluctuating drift to non-Project fermentaries. In the six months to June 1962, 60% of Tolai bags passing through for inspection were processed by the project fermentaries, as opposed to 36% by private traders; for the same period to June 1963 the figures were 49% and 43%; and in the six months to June 1965 the project accounted for only 36% of bags passed through for inspection.⁸⁴ Scarlett Epstein’s account of this drift to non-Project fermentaries centred on the Tolai land system of matrilineal inheritance. Based on her study of cocoa production and sales in the Rapitok (East New Britain) area,

⁸² *ibid.*, p.6.

⁸³ McCarthy, Managerial Staff for Native Economic Development Projects, 20 August 1955: PNGNA a.82 b.344 f.86-5-2.

⁸⁴ Cocoa Production - Bags Passed Through Inspection, 8 August 1966: PNGNA a.82 b.5476 f.4-1-0.

Epstein noted how “a considerable number of ... men, who have had their own matrilineal lands planted with cocoa by their sons, wish to conceal this fact from their fellow parishioners”.⁸⁵ The example provided is of one farmer who, on planting 510 cocoa trees which he registered with the Department of Agriculture and processed through the Project fermentaries, planted a further 417 ‘illicit’ trees for his son on land to which he had only lifetime usufruct rights - that is, on his death the Tolai system of matrilineal inheritance held that usufruct rights would revert to his sister’s sons. On the 417 illicit trees, Epstein noted that the farmer “did not want members of his own descent-group to become aware that he intended the trees for his son, nor did he want a document among his treasures indicating his name as owner of all 927 cocoa trees”. In registering just over half of his cocoa trees, his son “was at least able to accumulate the proceeds from half his cocoa trees by secretly selling ... wet beans to Chinese traders”.⁸⁶ According to Epstein’s data, 86% of the growers in the Rاپitok area sold part of their cocoa to private traders so as to realise a return on invested labour power for their sons.⁸⁷

Epstein’s account of the fluctuating support for the Tolai Cocoa Project was endorsed by Fenbury, who argued that the “biggest single pressure on growers to avoid the fermentaries arose from the anachronistic Tolai system of land use and matrilineal land inheritance”.⁸⁸ The same view was expressed by Cleland’s replacement, David Hay who, in commenting on the Tolai Cocoa Project Quarterly Report to March 1967, wrote that “Epstein’s thesis raised an interesting aspect regarding inheritance of land rights influencing the sale of wet cocoa beans”. Whilst admitting that it was difficult to assess the extent of this practice, he considered it to be “one of the major factors influencing people to sell to traders”.⁸⁹

For Epstein then, “the increasing drift away from the project was in fact largely a result of the difficulties arising from the introduction of perennial cash crops into a society with a traditional social system according to which inheritance followed the matrilineal line of

⁸⁵ Epstein, 1968, p.126.

⁸⁶ *ibid.*, p.127.

⁸⁷ *ibid.*, p.129.

⁸⁸ Fenbury, 1978, p.246.

⁸⁹ Hay to Warwick Smith, 30 June 1967: PNGNA a.82 b.5476 f.4-1-0.

descent". It followed, that arresting this decline required "a radical change in the whole basis of land ownership".⁹⁰ In fact, the re-organisation of the Project in October 1966, and the waiver on issuing records of sales, saw the percentage of cocoa processed by the Project fermentaries rise from a low of 19% in August 1966 to 63% by February 1968.⁹¹ Structural changes notwithstanding, what is immediately apparent is the extent to which what was essentially a labour question - i.e. low per capita returns to labour - appeared to the Administration as a question pertaining largely to land. Ironically, this realisation, misplaced or not, acted to restrict, rather than legitimise, the initial aims of local government policy, in that, land reform and agricultural resettlement were redefined after 1956 as objects of *direct* central government control.

8.5

Local Government Policy: the Second Phase

Fenbury conceded that "if it is to be policy that area councils be established and run primarily as little political organisations, dabbling in petty welfare schemes, then we should keep their number to a minimum - and we should tell the stark truth to the officers on the job".⁹² In this sense, "petty welfare schemes" referred to the provision of health and primary education facilities which, although contributing to local development, did not necessarily render councils developmentally orientated. In other words, the "stark truth" was that contrary to initial intent, area administration was not to be constructed with the "systematic development of native agricultural potential" as its unifying objective. As the principle means through which to re-structure smallholder productive potential, opposition to area administration was most coherently articulated by the Division of Agricultural Extension. It was only later that Hasluck shifted the terms of intervention to the state itself *vis-à-vis* the Lands Department, by limiting the capacity of local government councils to intervene in the administration of lands.

⁹⁰ Epstein, 1968, p.132.

⁹¹ Epstein, 1970, p.48.

⁹² Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.12.

For the Director of Agricultural Extension Bill Conroy, Fenbury's "indefatigable" work on land tenure problems, reflected a more general concern "to make out a case for local government as the desirable universal machinery for implementing land settlement and tenure conversion schemes". Moreover, insofar as Lambert's 1956 paper on 'Native Economic Development' resulted from Fenbury's work in this area, it gave expression to the same thesis which, according to Conroy, was "untenable", namely that "native economic development in agriculture cannot proceed without tenure conversion".⁹³ In a paper dated 26 May 1958, and presented as "critical rather than condemnatory", Conroy outlined his objections to the Fenbury, later Lambert thesis, by articulating his own reinstatement of the doctrine of free trade in goods, without free trade in land.

Conroy's thesis on indigenous agricultural development centred on three stages, supposedly derived from experience in "native agricultural development throughout the Territory". The first stage, involved the intensification of production along traditional lines and the sale of surplus food crops: "one advancement in this phase is the expansion of existing groves and annuals gardens along traditional lines, in order to provide for a regular cash income". The second stage was reportedly met once indigenous smallholders accepted new crops "of both an annual and a perennial nature, and at the same time will accept advice on new agricultural techniques". Both stages, according to Conroy, were "characterised by the strengthening rather than the weakening of traditional practice in land tenure and land inheritance". In the final stage, which in 1958 was restricted to the Gazelle Peninsula, "the planting of new crops and entry into the commercial economy have reached such a stage that real pressure is placed on the traditional mechanisms in land tenure and inheritance, and the native population is beginning to accept the need for completely new systems in order to provide for further economic expansion".⁹⁴

In outlining his three-staged model of agrarian transition, Conroy held that if "these phases of development are not understood and taken into account, it is easy for the government to badly mistime its approaches to the native people, and to promote land settlement or land tenure reorganisation schemes among people who are in no way ready

⁹³ Conroy, Draft Report of the Committee, 9 July 1957: PNGNA a.16 b.400 f.34-15.

⁹⁴ Conroy, Land Development Board - Native Land Settlement, 26 May 1958: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, pp.2-3.

for them". The council scheme at Ambenob was identified as one such example, in that, "the people concerned were only just beginning to enter the second phase ... whereas the scheme suggests that they will enter into the third phase". The inference was predictable: according to Conroy, "there is the real danger that we will fall into the trap of concluding that what is good for the Gazelle Peninsula is good for the Territory as a whole".⁹⁵

The supposition that the reorganisation of customary tenure was a requisite condition for indigenous economic expansion reflected, according to Conroy, "a lack of appreciation of the relationship between the economics of subsistence farming and of plantation crops, and a lack of appreciation of the general economic position of small area farming". The Director of Agricultural Extension noted, that "while the farmer is providing his own subsistence, the cost structure applied to a small perennial block ... is quite different to the cost structure of the same crop under plantation conditions". Advancing his own version of the subsidy thesis, tenure conversion schemes, by removing the subsistence aspect, were criticised for transforming "the whole cost structure" of small area farming, in that, "the farmer has to cost his labour and that of his family at full rates or accept a lower standard of living than the mean level of the market". Given that the Vudal, Warangoi and Ambenob Schemes stipulated intensive mono-cropping, the areas set aside for subdivision, in failing to appreciate the economic differentials of small area farming, were, according to Conroy, of sub-economic size and as a result, promoted rather than prevented fragmentation in landholdings.⁹⁶

As a strategy for raising per capita income, tenure conversion and/or land resettlement was thus to be restricted to smallholders who had reached Conroy's third stage. Further, the role of local government councils in acting as instruments of Administration policy in this area, was seen as "questionable". In 'advanced' communities, such as the Tolai, the critical advantage of councils existing as "vehicle[s] for the application of policy", was seen to break down. According to Conroy, "councils could become identified in the minds of the people as fighting units or pressure groups for use against the Central Government".⁹⁷ It followed, that if on the one hand, the developmental intent of area

⁹⁵ *ibid.*, pp.3-4.

⁹⁶ *ibid.*, pp.5-6.

⁹⁷ *ibid.*, pp.12-13.

administration was to be restricted to economically 'advanced' communities (the third stage), whilst on the other hand, the level of development within these same communities was seen to negate the capacity of area councils to act as instruments of central government, then the universal application of a developmentally oriented local government policy was itself negated.

Conroy was not opposed to the individualisation of smallholdings, but rather to its consideration solely in terms of tenure conversion. In his comments on a 'Draft Report on Native Land Tenure' by the Land Development Board, he argued in opposition to the Board's position, that "the distinction is not sufficiently ... drawn between land schemes involving conversion of customary tenure in a well populated area and those involving resettlement from population pressure trouble spots into land areas surplus to requirements of their owners". Areas such as Madang and the Gazelle Peninsula, mentioned by the Board as appropriate areas for tenure conversion, were, according to Conroy, "subject to the need of resettlement activity rather than conversion of customary tenure".⁹⁸

Conroy's views were by no means shared by all staff in the Department of Agriculture. For example, the Director Frank Henderson, stated that with respect to Warangoi Scheme (a scheme which Conroy objected to on the grounds that it promoted fragmentation), the "granting of titles to individual natives ... [is] a powerful influence in stimulating native economic development". Moreover, local government councils, in accordance with Fenbury's initial intent, were seen to provide an appropriate instrument through which to re-structure land tenure and land usage on the basis that "more comprehensive development conditions could ... be written into the sub-leases and better supervision could be carried out".⁹⁹ However, the ideas articulated by Conroy were, according to one interested observer, representative of the Division of Agricultural Extension.¹⁰⁰ Thus, the summary findings of the 1956 Agricultural Extension Conference concluded that the introduction of perennial cropping not only had "a stabilising influence on [the] community", but that this "stabilising influence" extended to "land tenure systems". The

⁹⁸ Conroy, Draft Report of the Committee, 9 July 1957: PNGNA a.16 b.400 f.34-15.

⁹⁹ Henderson, Native Land Tenure, 29 June 1955: PNGNA a.249 b.291 fca. 28-6-1.

¹⁰⁰ Roberts, Native Economic Development - Madang District, 28 September 1956: PNGNA a.12 b.16.664 f.9-1-12.

corollary was again predictable: “until a great deal more is known of local native land tenure systems little can be done to rationalise them”. In light of perennial cropping being “apt to promote monoculture”, the delegates cautioned that “under existing conditions and for many years to come we should strive to maintain subsistence cropping and discourage the people from throwing their all into cash cropping”. Agricultural practice, as advanced by the Extension Officers, reflected a concern for poverty and the desire to secure indigenous ‘independence’ for the purpose of immediate consumption: mono-cropping, the report continues, lends to “land being used which can ill be spared by subsistence needs, leading to food shortages in times of depression or of crop destruction by disease or pests or other causes”.¹⁰¹ This concern for poverty contrasted with the Native Authorities Section which, although advancing the same welfarist agenda, emphasised production and ‘development’.¹⁰²

Central to the structuring of area administration as the medium through which to direct “the systematic development of native agricultural potential”, was the supposition, as Fenbury put it, that “the development of a native urge to break away from traditional land tenure and land use methods always lags far behind the evolution of the local agrarian situation”.¹⁰³ To this extent, the views of Conroy and the Extension Division, namely that tenure conversion be withheld until economic circumstances provide for its acceptance, not only departed from Fenbury’s notion of ‘positive’ trusteeship but, in the context of local government policy, were regarded by him as “disconcerting - even frightening”.¹⁰⁴ In dictating a final position on tenure conversion, Hasluck elaborated a basic set of principles

¹⁰¹ Committee on Perennial Cropping, 7 November 1956: PNGNA a.12 b.3925 f.1-4-65a.

¹⁰² The recommendations of the 1956 Agricultural Extension Conference cited above, cast doubt on claims by Donaldson and Good (1981, p.148) who, quoting from the 1955 Extension Conference, suggest that the mid-1950s saw a “dramatic” shift in agricultural policy towards emphasising production for export, as opposed to subsistence crops. As indicated above, production for local and immediate consumption remained a central feature of the policy of uniform development. Thus, as late as 1962, Conroy (1962, p.27) was advising that “developments away from the purely subsistence situation should seek to make use of such spare resources of labour and land as are to be found in the community, *without interfering with the subsistence regime*” (my italics).

¹⁰³ Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.3.

¹⁰⁴ Fenbury, Notes on Mr. Conroy’s Paper Re: Native Land Tenure and Resettlement, 5 December 1958: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.1.

which, in giving expression to central tenants in Conroy's argument, acted to dissipate any potential role for local government councils in directing smallholder organisation.

The relationship between Fenbury and Hasluck was a complex one. Prior to their dispute over the issue of indigenous courts,¹⁰⁵ letters from Fenbury to Hasluck suggest a relationship that, whilst policy-oriented, was relatively informal and direct (Fenbury was one of the few officers to address the Minister as Paul).¹⁰⁶ In *A Time for Building*, Hasluck, as already noted, described Fenbury as "one of the most intelligent and articulate of the pre-war officers".¹⁰⁷ Similarly, in a minute to Lambert dated 10 February 1954, the Minister commended a submission by the Native Authorities Officer as giving "one of the few signs I have seen yet that anyone in the Territory itself is thinking about fundamental problems".¹⁰⁸ Given Hasluck's generally poor opinion of the Territory Administration - his criticism that Senior Officers failed to appreciate the agrarian intent informing development policy - one of the great ironies of the post-war period was the extent to which the Minister departed from Fenbury's position in re-defining the domain of council administration.

The extent to which Hasluck himself understood the problem posed by Fenbury, was questionable. In his October 1953 submission, Fenbury noted that the Minister "appears to regard the local government system of native administration primarily in terms of native political advancement". If this was the case, he continued, then "the existing local government pattern, which to date has placed maximum emphasis on the function of councils as financially self-supporting media for raising native living standards, should be modified".¹⁰⁹ The political content, albeit limited to instruction in "the methods and procedures of politics", was indeed emphasised by Hasluck.¹¹⁰ In February 1954, the Minister called for "a clearer and more exact definition of ... policy" in regard to local

¹⁰⁵ see Sack, 1989.

¹⁰⁶ see D.M Fienberg - Correspondence: AA M331/35.

¹⁰⁷ Hasluck, 1976, p.186.

¹⁰⁸ Hasluck, Native Local Government, 10 February 1954: AA M1776/1 Vol.5.

¹⁰⁹ Fenbury, Memorandum - Native Local Government, 24 October 1953. In Fenbury, D. (1978) *Practice Without Policy: Genesis of Local Government in Papua New Guinea*. Canberra: Development Studies Centre Monograph, No.13, p.269.

¹¹⁰ Hasluck, 1976, p.171.

government.¹¹¹ Submissions by department officers Marsh and Archer, in emphasising “the political advancement of the natives in general”, were, according to Hasluck, “very close to the mark”.¹¹² It follows, that although he regarded the introduction of councils as “work that is absolutely vital”,¹¹³ clearly the Minister’s views as to the role of area administration departed from Fenbury’s original intent.

Conroy’s assessment of Fenbury’s work on the question of land tenure as reflecting a more general concern “to make out a case for local government as the desirable universal machinery for implementing land settlement and tenure conversion schemes”, was valid. Indeed, for Fenbury, area administration was presented as the only “feasible and efficient point of entree to the problem of achieving control over land tenure”.¹¹⁴ As noted, underpinning this supposition was the broad assumption that labour effort remained fixed in land and that barriers to the realisation of this effort consisted of low returns to smallholders, fragmentation of holdings and the cultivation by households of areas deemed to be of sub-economic size (‘under-employment’). Whilst centralised control of schemes, such as the Tolai Cocoa Project, were successful in “organising processing and production along lines designed to yield a high quality product”,¹¹⁵ smallholders remained ‘independent’ of central government in relation to land and labour utilisation. The aim of area administration was thus to negate this independence whilst, at the same time, maintaining indigenous attachment to the land.

The demise of councils as instruments of area administration reflected not a rejection of this initial intent, but rather the enhanced capacity of the post-war Administration. In a minute to Lambert dated 14 January 1952, Hasluck expressed the view that as he saw it “the problem is basically one of making the Territory Administration do what we expect it to do, to carry out Government policy”.¹¹⁶ Although elaborated in the context of development policy more generally, its implications with respect to area administration

¹¹¹ Hasluck, Native Local Government, 10 February 1954: AA M1776/1 Vol.5.

¹¹² Hasluck, Native Local Government, 23 August 1954: AA M1776/1 Vol.6.

¹¹³ cited in Mair, 1970, p.86.

¹¹⁴ Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.9.

¹¹⁵ Plant, The Potential Role of Native Local Government Councils in Native Economic Development, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.9.

¹¹⁶ Hasluck to Lambert, 14 January 1954: AA A518/1 A1927/2.

were implicit. Insofar as government policy came to articulate a coherent objective in development practice, it was the desire “to see that the native social order is not changed too rapidly by the breaking up of the chief social unit - the village - or by destroying those elements that give coherence to native society”.¹¹⁷ The form of administration developed under Hasluck, its hierarchical, centralised and authoritarian character, needs to be grasped in light of this developmental intent. In particular, policy relating to land and labour, was construed as the principal mechanism through which the Administration could “control ... the nature and the rate of social change among the native people”.¹¹⁸ In October 1954, a Ministerial statement on ‘Land Policy in Papua and New Guinea’ stated that “the pace of development is necessarily related to the pace of native progress”. To this effect, “the administration of lands is the chief means by which this balance can be preserved, and it will consciously be used for this purpose, either to speed up or slow down development to keep it in close relationship with the changes taking place among the native peoples”.¹¹⁹ The creation of the Land Development Board in 1954, and the centralisation of land administration within it, gave expression to this intent. Prior to the establishment of the Board, the autocratic position of District Commissioners with respect to the granting of agricultural leases, saw land alienated for Australian settlement in the Eastern Highlands increase from 350 acres in 1950 to 3,550 acres in 1954. The rapid settlement of the Highlands, in threatening to promote rather than check indigenous landlessness, undermined the very basis on which development and the provision of indigenous welfare were to be reconciled. Thus, to repeat an earlier quote from Hasluck:

Our objective regarding the methods of land grants is to establish an orderly and just system and to end the possibility of land-grabbing or undue favouritism, as well as loss of control over land policy which might be the consequence if the old methods continued to be followed. I repeat what I have said on previous occasions, that it is the Government and not the land-seeker which should be master of the granting of land in Papua and New Guinea. Unless our procedures and methods make this a matter of routine we will lose control over the carrying out of established policy in regards to land.¹²⁰

¹¹⁷ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.9.

¹¹⁸ *ibid.*

¹¹⁹ Hasluck, Land Policy in Papua and New Guinea, 21 October 1954: PNGNA a.82 b.138 f.31-1-5.

¹²⁰ Hasluck to Lambert, 11 March 1954: AA M1776/1 Vol.5.

Land policy then, centred on checking alienation for European settlement. The point, as Hasluck put it, was to ensure “a balance between the rate of development of European settlement, with its demand for land and labour, and the development of agricultural production by the native people”. However, in relation to indigenous economic activity, the question after 1956 related to “whether we can maintain this balance solely through our control over the availability of land or whether ... we also need to influence the rate of development of such land”.¹²¹ Tenure conversion was thus considered in the same sense posited by the Native Authorities Section, namely as a “positive and vigorous measure of economic development”.¹²² However, where the Minister departed from Fenbury, was in his preference for centralised control, as opposed to a ‘decentralised’ system of area administration. In other words, the same fear of losing control which prompted the creation of the Land Development Board, was implicit in Hasluck’s moves to reassert central government control over plans for tenure reform. On the existing council schemes, the Minister cautioned:

We appear to have had various schemes introduced by local decision and without apparently complete cognisance of them by the Administrator. In my opinion some of these small local schemes of land settlement contain principles which would be unacceptable to the Government. It is therefore ... necessary for us to make at once a firm decision about the basic principles which have to apply in any new system of native land ownership.¹²³

Commenting on the request by delegates attending the June 1959 Local Government Conference, for “a system under which land is registered by councils and titles to that land be given to leases by the Council”, Hasluck questioned whether the Administration could “surrender the functions of the Lands Department and of the Registrar of Titles to some other authority” and whether “the Crown [can] share with some other authority its control over land”.¹²⁴ It follows that of the principles to be observed in reforming customary tenure, central was the instruction that all land matters, including title conversion, were to be handled through the Land Development Board. As Hasluck put it in a statement to the House: “the ultimate and long-term objective in Papua and New Guinea is to introduce

¹²¹ Hasluck, Papua and New Guinea - Credit Facilities, 6 September 1956: AA M1776/1 Vol.10.

¹²² Hasluck to Lambert, 26 October 1959: AA M1776/1 Vol.16.

¹²³ *ibid.*

¹²⁴ Hasluck, Lands Policy in Papua and New Guinea, 26 October 1959: AA M1776/1 Vol.16.

throughout the Territory a single system of land holding regulated by the central Government by statute, administered by the Department of Lands of the central Government, and providing for secure individual registered titles after the pattern of the Australian system".¹²⁵ The Minister's position, as Fenbury noted, stipulated that the "Administration purchase selected areas of 'tribal' land ... and lease them to individuals direct, without area administration ... [local councils] coming into the picture".¹²⁶ The economic imperative attached to the initial formation of local government policy was not so much rejected, but was rather re-defined as an object of direct government control. Thus, a circular on 'Land Policy and How it Involves D.A.S.F. Field Staff', advised that "Local Government Councils ... [were] to be discouraged from making rules that relate to land holding or recording of land rights, and if any such rules are made approval of them is to be withheld".¹²⁷

Although re-stated as an object subject to exclusive central government control, restructuring smallholder productive potential remained the primary aim of tenure conversion. Thus, in a circular to all Field Staff, Cleland warned that whilst the "failure to use economic factors in determining units for conversion could solve the problem of land ownership", it would "contribute nothing towards economic development". It followed, that land converted to individual tenure "must be based on economic factors such as land capability, labour force available for development and the planned level of farm income".¹²⁸

¹²⁵ *Commonwealth Debates*, 7 April 1960, pp.1020-1021.

¹²⁶ Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.6.

¹²⁷ Land Policy and How it Involves D.A.S.F. Field Staff, 4 July 1969: PNGNA a.12 b.16.469 f.1-4-11(4).

¹²⁸ Cleland, Land Tenure Conversion, 8 November 1965: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.2.

8.6

Conclusion

The final shape of area councils reflected a struggle over territory, not ideology. The conclusions of the Derham Report on the administration of justice in the Territory, submitted to Hasluck in December 1960, negated not only the role of councils in administering law and order, but also marked the demise of area administration as a developmental concept (see Chapter Ten). The report's author Professor Derham, recommended the re-drafting of the *Native Local Government Ordinance 1949/1954*, suggesting that "the role of Local Government Councils should be clearly established as that of bodies having functions limited to executive and rule-making functions in matters of a local character and that this should be consistently observed".¹²⁹ In a letter to Cleland dated 17 March 1961, Lambert responded to the effect "that the powers and functions of the native Local Government Councils ought to be more clearly defined, and not be an instrument of area administration".¹³⁰

On the question of land tenure, Professor Derham's report, in giving expression to the Administration's desire for reform, situated lands administration as a matter for central government. In the words of Lambert, the report recommended that "councils are not to exercise judicial powers, *nor are they to become land authorities*".¹³¹ To this extent, Hasluck found "it difficult to separate ... Professor Derham's report from the general problems of land tenure which we are giving attention", in particular "his observations" were seen to raise doubts "about some of the proposals made by the department".¹³² It follows, that the "quiet decision" to limit the scope of area administration reflected not a rejection of the initial intent of local government policy, but rather the medium through

¹²⁹ Derham, D.P. (1960) *Report on the System for the Administration of Justice in the Territory of Papua and New Guinea*. Report for the Honourable Minister for Territories, Mr. Paul Hasluck, M.P: UPNG, Port Moresby, p.62.

¹³⁰ Lambert, Derham Report - Native Local Government Councils, 17 March 1961: PNGNA a.82 b.279 f.2-20-4.

¹³¹ Lambert, Future of Native Local Government Councils, 6 June 1961: AA M1776/1 Vol.20 (my italics).

¹³² Hasluck, Administration of Justice in T.P.N.G., 8 February 1961: PNGNA a.82 b.279 f.2-20-4.

which attempts to re-structure smallholder productivity were to proceed. Thus, in his criticisms of the Minister's position, Fenbury questioned not the intent but rather the means of application. Having assumed that councils, once established as elected bodies, would support the Administration's plans for agrarian reform, Fenbury simply asked, "who is going to see that rents are paid, that unauthorised sub-divisions don't occur, that progressive clearing is maintained, that only correct shade and seed are used, that loans are applied correctly, and are repaid, that unsatisfactory settlers who are evicted do in fact vacate their blocks, and so on?"¹³³ What this whole process shows is that what was essentially a labour question appeared to the Administration as a land question. This implicit tautology was shared by both Fenbury and Hasluck, resulting in its application becoming the sole focus of debate.

¹³³ Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.7.

Chapter Nine

Antecedents of Accelerated Development: From Price Control to the Native Loans Board

9.1

Introduction

The Derham Report and its use by Hasluck to re-affirm central government control over the form of land tenure and hence, the imposition of work on smallholders, is discussed in the following chapter. Here I want to consider what was identified as an essential element in supervising this imposition, namely the evolution of the Administration's position with respect to the extension of credit to indigenous smallholders.

Whilst the post-war scheme for intensifying smallholder productivity was continuous and extended to all indigenous households, "its character is more sharply revealed by the specific forms of supervision".¹ This was the case with both the co-operative movement and the development of 'Native Local Government Councils', in that, as artefacts of intentional development, both administrative forms sought to insert demands for increased indigenous living standards into the domain of the agrarian doctrine. In the case of credit, and insofar as its extension to indigenous households intensified their subsumption (formal and real) to money capital under conditions designed to preclude landlessness, the agrarian character of this supervisory form was similarly apparent. To expand, the effect of credit is twofold: in the words of MacWilliam, "it subjugates household production to formal capitalist calculations, and it means that an increasing percentage of the surplus production

¹ MacWilliam, 1992, p.144.

in households must go to pay creditors”.² Insofar as individual rural credit budgets specified the intensity of labour and hence, the proportion of increased output secured as surplus value for creditors, state-sponsored credit, beginning in 1955 with the Native Loans Board, was diffused as a means of negating the ‘independence’ of indigenous smallholders with respect to land and labour utilisation. It follows, that the link between state-supervised credit and tenure conversion was posited not in terms of the former’s role in facilitating indigenous acceptance of the latter,³ but rather as the Governor of the Commonwealth Bank (then the Reserve Bank of Australia) H.C. Coombs, explained: “the justification for providing credit is that it leads to increased production so that loans are repayable from the proceeds of this increased production”. The point being, that “when credit is provided merely to facilitate the transfer of ownership it is *not necessarily productive*”.⁴ In short, production, not land, constituted the object of development - the latter being considered only insofar as customary tenure was seen to constitute a barrier to the realisation of the former.

In this chapter, the form of supervision underpinning the extension of credit to indigenous smallholders is addressed. Principally, its application in terms of “avoiding the ill consequences of native land-owners becoming subject to money-lenders” and hence, ensuring the retention of “land in their ownership”,⁵ is situated in terms of earlier attempts to expand household consumption, whilst checking the potential for indigenous indebtedness *vis-à-vis* the illicit extension of credit through the commercial trading firms. Just as the *Trading with Natives Ordinance 1946* and the *Prices Regulation Ordinance 1949* sought to subordinate trading capital to state plans for inserting commodities into household consumption, money capital in the form of credit, was to be activated and superintended through the state apparatus as part of its plan for intensifying household commodity production. Central to the Administration’s credit policy, was the assumption

² *ibid.*, p.145.

³ As Cleland stated, “conversion of communally held land into individual farm units should not be linked with the granting of credit and credit should not be used as an incentive to encourage the use of land tenure conversion machinery”; Cleland, Land Tenure Conversion, 8 November 1965: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.2.

⁴ Coombs, Address Given by Dr H.C. Coombs, Governor of the Reserve Bank of Australia, to the Royal Institute of Public Administration, Port Moresby, 29 August 1960: RBA PNG-A-A1 (my italics).

⁵ Hasluck, Papua and New Guinea - Credit Facilities, 6 September 1956: AA M1776/1/1 Vol.10.

that labour effort remained fixed in land, and the extension of credit sought to refashion the defensive measures implicit in the controls on trading capital, as offensive measures for negating the perceived barriers to the realisation of household labour effort - namely, low per capita returns to labour and a system of land tenure perceived as incapable of ensuring the retention by households of minimum economic areas. As Gunther put it, “there can be no sound economic progress in this country until native land tenure is changed” and “the only way to make ... it succeed will be to grant credit facilities”.⁶ This chapter is primarily concerned with the administration of credit, as superintended through the Native Loans Board.

9.2

Trading Capital and Price Control

Advisers to the Commonwealth Bank of Australia J.R. Thomas and D. Ryan, in their lengthy titled *Report of a Survey on the Use of Money and of the Need for Credit by the Indigenous People of the Territory of Papua and New Guinea*, correctly pointed out that “there are many difficulties in lending to natives in the Territory, many of which are legal”.⁷ In Papua, the *Transactions with Natives Ordinance 1893/1952* made “unlawful ... any contract for the sale of any description of property to a native on credit or partly on credit” and provided that “real land and leasehold property shall not be available to satisfy a claim against a native”; whilst for New Guinea, the *Natives Contracts Protection Ordinance 1921/1952* declared it illegal, “without the consent of a District Officer, to pay or give to a native any money, goods or commodities in advance for goods or commodities to be supplied by the native, or to sell or give to a native any goods or commodities on credit”.⁸ What Jones referred to in 1952 as “the insidious evil of credit which they, as natives, are not likely to fully understand”,⁹ was thus prohibited in law: whilst state

⁶ *ibid.*

⁷ Thomas, J.R. and Ryan, D. (1959) *Report of a Survey on the Use of Money and the Need for Credit by the Indigenous People of the Territory of Papua and New Guinea*. Sydney: Commonwealth Bank of Australia: RBA PNG-a-85, p.57.

⁸ cited in *ibid.*, pp.8-9.

⁹ Jones, The Co-operative Movement in Papua and New Guinea, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2, p.4.

ratification of customary tenure secured indigenous attachment to the land, legislation regulating the unsupervised extension of credit checked the potential for perverting this attachment. In the immediate post-war period, the provision for checking this perversion was strengthened with the *Trading with Natives Ordinance 1946* and the *Prices Regulation Ordinance 1949*. As legislation regulating trading activities with indigenes, both Ordinances can be distinguished from earlier controls, in the sense that they sought to regulate a particular form of capital - trading capital.

Implicit in Ward's directive that "the basis for the economy of the territory will be native and European industry with the limit of non-native expansion determined by the welfare of the natives generally", was that "trading activities, particularly so far as they affect the natives, will be under much closer scrutiny and control than in the past".¹⁰ The insertion of an "increased mass of commodities into necessary consumption"¹¹ during the war, and the payment of war damages compensation in a situation of mass shortages, created conditions for private trading interests to "capitalise" on indigenous "ignorance of monetary values".¹² In a 1944 paper on 'Native Welfare', District Commissioner (Mt. Hagen) J.L. Taylor, referred to the practice of traders charging a "special price" (i.e. higher) for goods purchased by indigenous households, citing such examples as "a shilling for a sheet of newspaper or three penny worth of salt or matches".¹³ Similar examples, in particular "the sale to the Native people of empty bottles, empty tins and sheets of newspaper", were reported by Jones.¹⁴ The solution, according Taylor, was "to sell him something that will improve his housing and living conditions". To this extent, "Government control of trading", or state supervision of consumption, was abstracted as a condition of trusteeship.¹⁵

The *Trading with Natives Ordinance 1946* required that a trader "shall not sell, or offer to sell, any goods to any native other than at the same price and upon the same terms and

¹⁰ *Commonwealth Debates*, 4 July 1945, p.4054.

¹¹ MacWilliam, 1992, p.136.

¹² White, Price Control - General Policy, 20 July 1949: PNGNA a.247 b.248 fca.12-7-2 Part.2.

¹³ Taylor, Native Welfare, 1944: PNGNA ANG 1/1, pp.7-8.

¹⁴ Jones, cited in White, Prices Regulation Ordinance 1949, 16 January 1950: PNGNA a.247 b.248 fca.12-7-2 Part.1

¹⁵ Taylor, Native Welfare, 1944: PNGNA ANG 1/1, pp.7-8.

conditions as he sells, or offers to sell, similar goods to persons other than natives” and that he “shall display in a prominent and well-lighted position in his place of business a price listing”.¹⁶ The Ordinance, whilst seeking to establish uniformity in prices charged, was however, deemed inadequate insofar as “no power [was] ... given to fix the price of goods”.¹⁷ It follows, that the *Prices Regulation Ordinance 1949* accorded to the Administration the power to “fix and declare the maximum price at which any ... goods may be sold generally or in any part of the Territory or in any proclaimed area”.¹⁸ Translated into Administrative practice, the Ordinance according to Lambert, empowered the Administrator to “bring under price control regulations any item of goods or services ... which, in the opinion of the Administrator, is an essential commodity or is in short supply in the Territory”.¹⁹ Listed as commodities subject to price control in 1949 were subsistence items such as bread, canned foodstuffs, rice, milk, flour and sugar.²⁰

Although applied universally, that is fixing prices for both expatriate and indigenous consumers, the aim of the *Prices Regulation Ordinance 1949* was to control trading relations with the latter. As a regulatory apparatus of state, it gave expression to the view that it was, according to Jones, “essential that control be continued, for some considerable time at least, in relation to the trading activities of the natives”. In this sense, the universal application of the Ordinance was justified on the grounds that “it would be extremely difficult, if not impossible, to introduce a practical price control system into the Territory which should be applied to natives only”.²¹ The primary intent of both Ordinances was thus the “protection of the native people in their trading activities as consumers and producers”.²²

¹⁶ Trading with Natives Ordinance 1946, *Laws of the Territory of Papua and New Guinea (annotated)*, 1949-1951, p.347.

¹⁷ White, Prices Regulation Ordinance 1949, 16 January 1950: PNGNA a.247 b.248 fca.12-7-2 Part.1

¹⁸ Prices Regulation Ordinance 1949, *Laws of the Territory of Papua and New Guinea (annotated)*, 1949-1951, p.967.

¹⁹ Lambert, Price Control, 22 October 1951: PNGNA a.247 b.248 fca.12-7-2 Part.2.

²⁰ see Prices Regulation Ordinance 1949, *Laws of the Territory of Papua and New Guinea (annotated)*, 1949-1951, p.996.

²¹ Jones, cited in White, Prices Regulation Ordinance 1949, 16 January 1950: PNGNA a.247 b.248 fca.12-7-2 Part.1

²² *ibid.*

Price controls, coupled with the more general supervision of trading relations with indigenes, acted to secure the insertion of commodities into household consumption, whilst checking any tendency for either private traders or the large mercantile firms to deflate the value of labour power (as measured against items consumed) and to propel indebtedness. With respect to the large merchant firms, whilst their capacity as traders was subject to the same legislative scrutiny as all commercial retailers, their potential for inflating the wholesale cost of commodities was similarly restrained, insofar as the Ordinance provided that they “may sell or offer for sale any such goods at a price *not* greater than the maximum at which the seller [i.e. trader] was entitled to sell in similar quantities at the time of sale”.²³ Given that indigenous consumption of commodities subject to price control in 1957/58 had an estimated value of £2,600,000 (excluding rations ‘paid’ to contracted labour),²⁴ the response by commercial interests was predictable: a joint submission from, amongst others, Burns Philp and Steamships Trading, maintained “that the fixed monetary margins now allowable on declared goods and the fixed selling price of landed cost plus fifteen per cent will reduce the Gross Profit to sales ... to insignificant proportions”. Further, the percentage margins allowable under the legislation were declared “totally inadequate and insufficient to permit us to carry on our business in an efficient manner, and provide income to pay shareholders an adequate return on Capital employed”.²⁵

As early as January 1951, Murray was suggesting the need “to consider ways and means by which finance for [indigenous] development purposes can be made available on loan”.²⁶ Such considerations suggest that it was not credit *as such* which the Administration objected to, but rather indebtedness and its extension through sources not subject to direct state supervision. That the insertion of an “increased mass of commodities into necessary consumption”, and the subsequent transformation in the value of labour power, were subject to administrative supervision through both the *Trading with Natives Ordinance 1946* and the *Prices Regulation Ordinance 1949*, was a direct expression of

²³ Prices Regulation Ordinance 1949, *Laws of the Territory of Papua and New Guinea (annotated)*, 1949-1951, p.975 (original italics).

²⁴ Committee on Economic Trends and Policies, 27 October 1959: PNGNA a.12 b.3895 f.1-1-115a.

²⁵ Memorandum to Government Secretary, 11 January 1952: PNGNA a.247 b.248 fca.12-7-2 Part.2; see also MacWilliam, 1992, p.136.

²⁶ Murray, Bank Loans to Natives, 8 January 1951: PNGNA a.69 b.1274 f.25-4-0 Part.1.

this concern. By restraining, albeit somewhat inefficiently, accumulation by trading capital, the aim of the Administration was to exercise control over indigenous consumption (and hence, production). Moreover, in tying capital in circulation to state plans for advancing indigenous welfare, "Government control of trading" represented a defensive measure which refashioned offensively, later found expression in the extension of state *supervised* credit to indigenous households. Just as trading capital was rendered subordinate or tied, at least in legislation, to state plans for inserting commodities into household consumption, money capital in the form of credit, was to be activated and superintended through the state apparatus as part of the Administration's plan for intensifying household commodity production.

9.3

The Administration of Credit: the Native Loans Boards

The commodification of land in a form of customary tenure effectively negated the potential for indebtedness, illicit or otherwise, to give rise to landlessness. As MacWilliam notes, it was "customary tenure in a form of legal title backed by the authority of the late-colonial and post-colonial state which has secured household occupation".²⁷ However, insofar as the protection of customary ownership extended to legislation prohibiting the extension of unsupervised credit to indigenous households, conventional lines of mortgage, or bank credit, were similarly precluded as a means of financing smallholder development. As a feature of early policy, such barriers were central to the policy of uniform development and hence, consistent with the agrarian bias of development practice. After 1956 however, the shift in administrative focus from communal to per capita returns to labour, in challenging central tenants of the policy of 'uniform development', disposed state officials to the belief that they were creating potential avenues for emergence of a particular, parasitic form of indigenous accumulation in smallholder agriculture. Reflecting on a discussion with Coombs, Assistant District Officer (West New Britain) G.C. O'Donnell, stated the problem in the following terms:

²⁷ "[T]he form still covers ninety five per cent of the country's land"; MacWilliam, 1992, p.136.

normal processes of accumulating capital by savings from the meagre incomes available in a small peasant economy were too slow; and the alternative of privately introduced capital was too expensive for the country, both in actual servicing costs and in the real sense of discrimination of investment. *He [Coombs] thought that there was a danger of a money-lending class of capital becoming, in the absence of any other, the only capital available to natives* and that if, economic advancement was to mean anything, the whole question of cheap money being available for native enterprise would become increasingly important.²⁸

Similar concerns were shared by Hasluck. Responding to proposals for the provision of state credit facilities for both indigenous and expatriate producers, the Minister suggested caution by reaffirming the need to “balance the rate of development of European settlement, with its demand for land and labour, and the development of agricultural production by the native people”. The extent to which Hasluck supported the provision of credit for expatriate settlement, was conditional on its use as a means to “ensure that its activities did not run counter to any directions given on overall policy”. For indigenous households, he advocated separate machinery, arguing that “for the sake of tutelage of the native borrower in financial responsibility and to *avoid the ill consequences of native land-owners becoming subject to money-lenders*, it is highly desirable that *only a government institution should provide credit facilities for native farmers*”.²⁹

For Hasluck, “an important part of the machinery for native credit facilities would be the conscious education of the natives both in farming and in financial responsibility”. In short, increasing the intensity of household labour *vis-à-vis* the subordination of smallholder production to “formal capitalist calculations”.³⁰ However, this being said, the extent to which the provision of credit enunciated a welfarist agenda remained explicit. As Hasluck put it, “I regard proposals for credit facilities for natives as being a natural outcome of a policy which educates natives, which *retains land in their ownership*, and which teaches them better agriculture”.³¹

²⁸ O'Donnell, Commonwealth Savings Bank's Native Accounts, 17 July 1950: PNGNA a.82 b.1274 f.25-4-0 Part.3 (my italics).

²⁹ Hasluck, Papua and New Guinea - Credit Facilities, 6 September 1956: AA M1776/1 Vol.10 (my italics).

³⁰ see MacWilliam, 1992, p.145.

³¹ Hasluck, Papua and New Guinea - Credit Facilities, 6 September 1956: AA M1776/1 Vol.10 (my italics).

The Native Loans Board was established in 1955. Earlier, in 1952 capital of £56,722, accumulated through the former Australia-New Guinea Production and Control Board's wartime control of village trade store operations, was transferred to the Administration with the intent of providing "(a) a nucleus for developmental loans such as were envisaged in the original proposals for arranging bank loans; and (b) to finance the purchase of native copra in distant out-stations".³² In February 1953, Cleland recommended that the accumulated profits be employed so as to "give the most communal benefit to the natives", suggesting that capital be used for:

1. development loans to native groups such as trade and service societies, etc.;
2. loan assistance to co-operative projects including primary production;
3. loan assistance to Rural Progress Societies; and
4. such other purposes as the Trust Committee may consider appropriate to the general purpose of the Trust.³³

The *Native Loan Funds Ordinance 1955* translated into law the collective, or communal basis for attaching money capital to existing state-sponsored forms of indigenous economic organisation, as emphasised above. Establishing a permanent Native Loans Board consisting of three officials (expanded in 1960 to include the Director of Agriculture F.C. Henderson),³⁴ the Ordinance specified that the Board could advance money capital for:

1. Co-operative societies wholly owned by Natives and registered under the *Co-operative Societies Ordinance 1950*;
2. Societies and Associations of Societies registered under the *Native Economic Development Ordinance 1951/1952*;
3. Native Local Government Councils; or
4. any other group or association of Natives, whether jointly or severally, which or whom the Board, with the approval of the Administrator,

³² cited in Mckenna, D. (1955) *Report of Visit to the Territory of Papua New Guinea*. Sydney: Economic Department of the Commonwealth Bank: RBA PNG-a-83, pp.30-31.

³³ *ibid.*, p.32.

³⁴ Jackson, The Provision of Credit in Papua and New Guinea, 22 February 1961: ANU Archives q.22 b.22 f.1.

decides is or are suitable borrowers, or to a person on behalf of or in trust for any such group or association.³⁵

Legislative Council approval of the Ordinance coincided with the Administration's plan to extend its control over the infant Tolai cocoa industry through the construction and supervision of centralised processing facilities (see Chapter Eight). Thus, the first act of the Board was to superintend, through the Tolai local government councils, the attachment of money capital (at an interest rate of 4³/₄%) to the Project. The borrowing councils were:

1. Vunamami Native Village Council, £2,000 for a new cocoa fermentary at Malakuna;
2. Vunadadir Native Village Council, £2,000 towards a cocoa fermentary and drier costing £3,000;
3. Reimber-Livuan Native Village Councils, £1,000 for a cocoa fermentary and some drying installations; and
4. a further £5,000 was provided to assist councils in the cost of operating the fermentaries.³⁶

Economist for the Commonwealth Bank D. Mckenna, in noting that "councils are required by statute to account for all their revenue, and [that] no expenditure is permitted without the Administration's approval", suggested that such terms "would enable suitable security for a lending bank" and hence, "it is difficult to see why the Administration preferred to make this loan".³⁷ Indeed, official policy stated that the "Native Loans Board is intended to supplement not replace normal credit facilities".³⁸ What Mckenna failed to realise was that the provision of credit was not simply envisaged as a mechanism for intensifying indigenous household production, but more importantly as a form of supervision through which this intensification could be administered. In other words, notions of supplementation were superficial, that is, belying the agrarian intent through which money capital was to be inserted into the domain of intentional development. As Lands Officer M.F.C. Jackson advised:

³⁵ Native Loans Fund Ordinance 1955, *Laws of the Territory of Papua and New Guinea (annotated)*, 1955, p.320.

³⁶ cited in Mckenna, D. (1955) *Report of Visit to the Territory of Papua New Guinea*. Sydney: Economic Department of the Commonwealth Bank: RBA PNG-a-83, p.33.

³⁷ *ibid.*

³⁸ Newman, Native Loans Fund - Notes for Guidance of Officers Assisting with Loan Applications, 28 August 1963: PNGNA a.55 b.1043 f.25-1-1.

if for example with individual tenure available as security, and uncoordinated rural credit available through the banking system according to demand for short term considerations, a chaotic situation could arise in a period of oversupply on world markets from which both the Administration and the Commonwealth would find difficulty in extracting the native people.³⁹

Administrative policy after 1956 came to centre on increasing per capita returns to indigenous households. To this extent, the attachment of money capital to the Tolai Cocoa Project translated into practice the Administration's programme for "the systematic development of native agricultural potential": in light of global surpluses for bulk cocoa, the crops commercial viability was predicated on the capacity of the Administration to secure the production of quality, or fine and flavour cocoa, for which there existed an assured market.⁴⁰ However, criticised for their failure "to influence effectively either the evolution of land tenure, or the amount of per capita production",⁴¹ the initial specification of loans to co-operative societies, to the exclusion of individual households, stood in contrast to the general direction of government policy. Thus, in 1956 Hasluck recommended that the Administration "look beyond the co-operative movement ... to the requirements of *individual native enterprise*". He continued:

the suggestion ... that there is at present little demand by natives for credit and that advantage has not been taken of the money available under the Native Loans Fund Ordinance seems to me to tell only half the story. *We cannot wait passively*. It is part of our problem and part of our task to promote agricultural development among the native people. Our agricultural extension work, which had as one of its primary aims the production of more and better food for local consumption, is already moving into the teaching of farming for cash and must move further in the same direction.⁴²

³⁹ Jackson, The Provision of Credit in Papua and New Guinea, 22 February 1961: ANU Archives q.22 b.22 f.1.

⁴⁰ see The International Cocoa Situation with Special Reference to Papua - New Guinea, November 1947: AA A518/1 AQ800/1/1B.

⁴¹ Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.29.

⁴² Hasluck, Papua and New Guinea - Credit Facilities, 6 September 1956: AA M1776/1 Vol.10 (my italics).

In May 1958, Hasluck announced that money capital for agricultural development would be available for indigenous ex-servicemen. The Ex-Servicemen's Credit Board was established to be responsible for the administration of loan finance and to supervise the development carried out by some 252 qualifying indigenous participants (and 46 Australian settlers).⁴³ In November the same year, chairman of the Native Loans Board, A.P.J. Newman, announced that money capital administered through the Board was likewise to be made available to individual households.⁴⁴

Money capital advanced to indigenous ex-servicemen was conditional on two specific terms of development. First, land was to be under leasehold title and of sufficient 'economic size', defined as being "an area developed to a stage of production based on suitable land use, which on average yields and prices, would in the opinion of the Board ... be sufficient to provide a reasonable living for the borrower after meeting such financial commitments as would be incurred by a person possessing no capital".⁴⁵ Second, that a pre-determined rate of *family* labour power be employed for clearing and planting smallholder blocks. In the case of coconuts, "settlers were expected to establish 20 acres ... by planting five acres per year for four years".⁴⁶ Central in determining 'suitable' economic units, was the assumption that land would be developed without recourse to the employment of wage labour and to this extent, such conditions provided an avenue through which to consolidate the Administration's control of both the form and intensity of household labour. It followed that the developmental model adopted by the Ex-Servicemen's Credit Board was deepened and extended through the Native Loans Board.

Figures for the period 1955-1967 show that the Native Loans Board advanced money capital totalling £400,000 to indigenous smallholders. Moreover, exemplifying the agrarian bias of the Administration's control of credit, was the fact that of the 713 outstanding accounts transferred to the Development Bank in April 1969, "loans for primary production comprised 94% of the total".⁴⁷ Reflecting concerns over the question of

⁴³ Hasluck, 1976, p.310.

⁴⁴ Cheetham, 1962/63, p.75.

⁴⁵ *Ex-Servicemen's Credit Ordinance 1958/1961*, cited in Cheetham, 1962/63, p.74.

⁴⁶ *ibid.*

⁴⁷ Development Bank, Circular to all Agent Officers, 28 July 1969: PNGNA a.1054 b.18.471 fz.1-1-13 Part.2; see also To Robert, 1967, p.24.

security, the majority of loans advanced for indigenous agricultural development were for households attached to the Administration's programme of land settlement. Under the *Native Loans Fund Ordinance 1955*, the Board was empowered to "take such security for a loan ... as it thinks fit".⁴⁸ Whilst, in the words Newman, this meant the Board could advance capital "without security ... it is only in rare cases that such a loan will be given and must of course be very well supported".⁴⁹ Applications for the development of land held under customary tenure were thus excluded. As Division of Extension Chief J.C. Lamrock explained: "with regard to loans to develop *native land* ... it is advised that unless adequate security, other than the land, is offered, the Native Loans Board will not consider the application". Moreover, "even if title to the land is converted to title in fee-simple under the Land (Tenure Conversion) Ordinance of 1963, the application will not be considered unless the limitations listed in Section 26 of the Ordinance are lifted".⁵⁰ Section 26 of the Ordinance, in affirming the search for an ideal construction of capitalism, namely that without a proletariat, held that customary land converted to individual title "shall not be taken under writ of execution or under or in consequence of a bankruptcy or insolvency, or in any similar or analogous manner".⁵¹ With respect to the land settlement schemes, the assumption was that settlers retained usufruct rights to customary landholdings and that the retention of such rights negated the potential for landlessness should a household's lease be revoked. It followed that "the Native Loans Board will not consider loans to develop land other than Administration land leased to natives".⁵²

The land settlement schemes consisted of customary land purchased and sub-divided by the Administration for lease to indigenous smallholders. Beginning with the Vudal Scheme in 1953, followed by the Vunamami (1958) and Warangoi (1960) Schemes, by 1966 forty-nine land settlement schemes were in existence, of which out of a total of 1,768 sub-

⁴⁸ Native Loans Fund Ordinance 1955, *Laws of the Territory of Papua and New Guinea (annotated)*, 1955, p.320.

⁴⁹ Newman, Native Loans Fund - Notes for Guidance of Officers Assisting with Loan Applications, 28 August 1963: PNGNA a.55 b.1043 f.25-1-1.

⁵⁰ Lamrock, Loan Application, 15 December 1966: PNGNA a.12 b.16.665 f.19-1-18(d) Part.4 (original italics).

⁵¹ Land (Tenure Conversion) Ordinance 1964, *Laws of the Territory of Papua and New Guinea (annotated)*, 1964, p.544.

⁵² Lamrock, Loan Application, 15 December 1966: PNGNA a.12 b.16.665 f.19-1-18(d) Part.4.

divided blocks, 1,256 had been allocated to settlers.⁵³ Thomas and Ryan's report on the need for credit by indigenous smallholders, estimated that once at full production Warangoi settlers could expect an annual return of £800 from cocoa sales. In terms of the provision of credit, the authors' recommended "that between £5 to £7 a month will be required by each settler" for the purpose of purchasing equipment and household consumption items, including food, clothing, housing materials and transport:

the proposition is that this amount [£5 to £7] per month be provided to each settler for five years, capitalising interest up to five years. At that stage, repayment will begin and the loan will be repaid by the end of the eighth year.⁵⁴

Although advising "that the Bank [i.e. Commonwealth]", as opposed to the Native Loans Board, "provide the finance for settlers", the report's recommendations were pivotal in structuring the basis whereby the latter came to finance rural development. Recognising "the seeds of discord ... [that] exist in the proletariat situation in Port Moresby",⁵⁵ Thomas and Ryan gave attention to the extension of credit not only as a means of intensifying household production, but also for maintaining indigenous attachment to the land.

In a circular to all Field Staff dated 8 November 1965, Cleland reaffirmed the supervisory form of state-sponsored credit, stating that whilst it provides "a powerful stimulus to economic development", its extension "must vary from time to time according to Government plans, the needs of different crops, the needs of various districts and the needs of the individual farmer".⁵⁶ An example of this justification for intensified state supervision, was the case of coffee.

⁵³ The blocks varied in size. As at 1966, the acres per block for the Vadul Scheme ranged from 5 to 11; Vunamami from 8 to 13; Warangoi 15; Illugi from 15 to 22; Kerevat from 21 to 31; Tavilo from 19 to 24; and the Sunum Scheme from 12 to 20. All seven Schemes were situated in New Britain; see Singh, 1967, pp.3-4.

⁵⁴ Thomas, J.R. and Ryan, D. (1959) *Report of a Survey on the Use of Money and the Need for Credit by the Indigenous People of the Territory of Papua and New Guinea*. Sydney: Commonwealth Bank of Australia: RBA PNG-a-85, pp.53-54.

⁵⁵ *ibid.*, pp.42-43.

⁵⁶ Cleland, Land Tenure Conversion, 8 November 1965: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU.

Confronted with global coffee surpluses, the Native Loans Board gave expression to the Administration's commitment under the terms of the International Coffee Agreement by refusing to advance credit to indigenous producers seeking to expand their coffee holdings. Credit was advanced to smallholders seeking to increase returns on existing holdings through capital investment in coffee pulperies. However, with respect to expanding production, trusteeship, or responding to "the needs of different crops ... and the individual farmer", presupposed a conscious intent to mediate the exposure of indigenous smallholders to fluctuating global commodity prices. Thus, in response to a proposal for inter-planting rubber with coffee, Conroy advised that:

as a matter of policy I cannot recommend that the Board support a proposal for the planting of coffee. Such policy stems from international trade relations and the quota system currently in operation in the Territory.⁵⁷

The use of credit as means of mediating the structure of agrarian change, was brought into further focus through the imposition of work on indigenous smallholders, or attempts by the Administration to determine the form of indigenous labour. Although in practice, the shift in emphasis from communal to individual cash cropping enhanced the potential for indigenous accumulation, state policy, as Hasluck explained in a written statement to the Senate, held that the "native population are likely to find their advancement in changing from village subsistence gardening to cash cropping, forming a native peasantry that, *so long as the families work as families, will not be a major employer of wage-earning labour*".⁵⁸ Implying, albeit implicitly, a definite coercive intent, the corollary was predictable: the provision of credit for the development of smallholdings was not to include the capacity for employing wage labour. As Henderson put it, "the Administration does not wish to encourage the permanent employment of paid labour, but wishes the area [i.e. the settlement blocks] to be developed by labour resources of the family".⁵⁹ Information requested by the Native Loans Board included the applicant's marital status and the ages of her/his (although, invariably *his*) children, with the "view of assistance for agricultural

⁵⁷ Conroy, Loan - Wallace Noble Kibikibi, 26 October 1966: PNGNA a.12 b.16.665 f.19-1-18(d) Part.4.

⁵⁸ Statement read by Senator Paltridge on behalf of the Minister for Territories, *Commonwealth of Australia Senate Debates*, 15 August 1961, p.22 (my italics).

⁵⁹ Henderson, Native Land Tenure, 29 June 1955: PNGNA a.249 b.291 fca.28-6-1-159.

work which an applicant may be able to receive”.⁶⁰ Applications, such as one from a Mr. W.H. Warren, which “rel[ie]d entirely on paid labour with little or no contribution from the family” were thus deferred on the basis that “the level of participation of the family needs careful consideration”.⁶¹

Insofar as land purchased by the Administration for indigenous resettlement was in all cases undeveloped, state imposed restrictions on the use of credit for employing labour, coupled with lease agreements specifying the time in which the land was to be brought into production, combined to place settlers under considerable coercive pressure to intensify family labour effort. The corollary was again predictable: in April 1966, President of the Northern District Workers Association Paulus Arek, reported that settlers at Popondetta “were fed up with the land settlement scheme because they lack funds to hire labour”. An Administration imposed limit of £700 per settler meant that:

some settlers have very little money to employ labour to work in their blocks. That delays the district’s economic progress.⁶²

Evidence suggests that some Popondetta settlers were indeed employing wage labour. The ability to do so however, appears to have been determined not by the Native Loans Board, but rather by the settlers capacity to invest savings from full-time employment as productive capital for financing the development of agricultural holdings (i.e. accumulation in smallholder agriculture). On this basis, two Popondetta settlers employed at Steamships Trading Co. and one at PATAIR were able to pursue a strategy of accumulation by financing the employment of two full-time labourers engaged in clearing and planting cocoa.⁶³ For the settlers not engaged in wage employment, one strategy allowing for the employment of labour for clearing undeveloped blocks was to use their subsistence allowance for the purchase of labour power. However, whether this was in fact common

⁶⁰ Newman, Native Loans Fund - Notes for Guidance of Officers Assisting with Loan Applications, 28 August 1963: PNGNA a.55 b.1043 f.25-1-1.

⁶¹ Newton, Native Loans Fund Application - Mr. W.H. Warren of Polotona, 25 July 1966: PNGNA a.12 b.16.665 f.19-1-18(d) Part.3.

⁶² ‘Land Resettlement Loans Not Enough’, *South Pacific Post*, 22 April 1966: PNGNA a.12 b.16.665 f.19-1-18(d) Part.3.

⁶³ Native Loans - Popondetta Settlers, 24 January 1967: PNGNA a.12 b.16.665 f.19-1-18(d) Part.4.

practice, is difficult to ascertain in light of the Administration's extreme reluctance to support such a diversion when explicitly stated. For example, a request by Popondetta settler Robin Tomonongai, to use the loan balance of £144 owing to him for subsistence "to employ labour to do his initial clearing" (his food was derived from existing village crops), was rejected on the basis that it did not conform to policy, namely that "the Administration does not wish to encourage the permanent employment of paid labour".⁶⁴

As part of an all encompassing policy of inserting designs for intensified household production into the domain of intentional development, this reluctance to grant credit for the purchase of labour power complemented the Land Development Board which, "with rare exceptions made available to indigenes only blocks suitable as family units".⁶⁵ Seeking to negate household 'under-employment' by attaching indigenous labour effort to minimum economic units, rural credit budgets assumed that smallholdings were to be operated "on family labour and with the borrower commencing operations on an unimproved block without established subsistence gardens or any capital".⁶⁶ Predicated on the assumption that the family had available 1.5 units of labour, or 435 annual labour units per 290 annual working days, smallholdings of minimum economic size were set at "15 acres for lowland tree crops, 8 acres for Highland crops and 200 acres for cattle projects".⁶⁷ Whilst factors such as "land capability" were considered in establishing farm size, the primary determinant was the Administration's perception of appropriate returns to households. Set at between £500 and £800 once loans had been repaid, arresting the potential for what had earlier been described as "a low standard of production, and ultimately, a tenant farming peasantry with a low per capita income",⁶⁸ became the core object of the Administration's management policy. Further, the provision of subsistence underwent a fundamental change in form. Although presented as both protection against declining global commodity prices and as a means of lowering the cost of household consumption, by calculating the repayment of loans in terms of income less 'savings' incurred through production for

⁶⁴ Lamrock, Native Loan Application Robin Tomonongai - Portion 119, 13 March 1965: PNGNA a.12 b.16.665 f.19-1-18(d) Part.2.

⁶⁵ Crocombe, 1965, n.1, p.35.

⁶⁶ Rural Credit, 17 April 1963: PNGNA a.12 b.16.665 f.19-1-18(d) Part.6.

⁶⁷ Land Policy and How it Involves D.A.S.F. Field Staff, 4 July 1969: PNGNA a.12 b.16.372 f.1-1-2 Part.1.

⁶⁸ McCarthy, Managerial Staff for Native Economic Development Projects, 20 August 1955: PNGNA a.82 b.344 f.86-5-2.

consumption, the provision of credit also effectively commodified the latter - that is, subjecting it to formal capitalist calculations. It followed, that in cases where insufficient land was set aside for subsistence, requests for credit were denied. As A.W. Charles illustrated:

In 1962 there were some applications for loans to plant cocoa on very small sub-leases from the Vunamami Council in Warangoi, and I considered that the propositions were not creditworthy and the applications were rejected. The applicants planned to plant 3 to 4 acres of cocoa which would take up the whole block, thus making it necessary for them to buy all their produce and they would have no surplus for repayment of loans.⁶⁹

In a press statement dated 25 November 1959, Hasluck announced a plan for “intensif[ying] agricultural extension”, stating that over a period of three years, indigenous production of “copra, cocoa and coffee ... [was] to increase to 50,000 tons, 8,000 tons and 4,300 tons per year respectively”. To achieve this, the Minister planned to extend the supervisory capabilities of the Territory Administration through the recruitment:

to the Division of Agricultural Extension in the Territory an additional 74 European Officers, the building up of the force of indigenous agricultural assistants by 180 to about 300 so that there is one to each 5,000 of the rural population, the training of 1,000 indigenous farmers per year in improved agricultural practices, the establishment of 22 additional agricultural extension centres from which field staff can work and at which agricultural demonstrations can be conducted, the more intensive use of extension aids such as film strip projection and the production of pamphlets on the more important aspects of crop growing and processing, and a considerable stepping up of the amount of agricultural patrolling to provide for a greater degree of agricultural contact with the population.⁷⁰

The plan for intensifying agricultural extension was not however, to be extended to indigenous households on customary lands. As Cleland put it, “economic development of land subject to native custom is to be limited to encouragement of the use of correct technical methods”.⁷¹ The extent to which agricultural extension, credit and marketing

⁶⁹ Charles, D.A.S.F Minute, 26 June 1964: PNGNA a.12 b.16.665 f.19-1-18(d) Part.1.

⁷⁰ Hasluck, Agricultural Extension Work in Papua and New Guinea (Press Statement), 25 November 1959: PNGNA a.12 b.16.372 f.1-1-2(d) Part.1.

⁷¹ Cleland, Land Tenure Conversion, 8 November 1965: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU.

services came to centre on indigenous households with leasehold or converted title to land, reflected not so much a conscious “attempt to create a self-fulfilling prophecy that individual tenure led to more successful cash cropping”,⁷² but rather the fact that what was essentially a labour question appeared to officials as a land question. To repeat an earlier point, implicit in the Administration’s approach to intensifying indigenous labour was the tautology that labour effort remained fixed in land and that barriers to the realisation of this effort consisted of low per capita returns to smallholders and a system of land tenure perceived as incapable of ensuring the retention by households of minimum economic areas. That the provision of credit and intensified extension activity (forms of supervision) became synonymous with attempts to check these perceived barriers to expanded commodity production, was reflective of a conscious strategy directed at negating the ‘independence’ of indigenous households with respect to the disposition of land and labour effort. As a 1960 report on agricultural extension put it, the “target for the extension programme is the progressive modification of farming systems in the direction of more efficient and conservational use of land, greater diversification of production and greater efficiency of rural labour”.⁷³ As the medium through which the coercive realisation of “native agricultural potential” was to be secured, the link between credit and agricultural extension was explicit. In the words of Henderson:

This association of credit with extension work will not only make extension work more effective but will ensure that credit is properly directed to the purposes for which it is created *and that the borrowers will be under close supervision which the circumstances demand* and which normal financial institutions could not afford to provide. To make the link effective the field services of the credit agency should be provided by the extension services of the Department of Agriculture, Stock and Fisheries.⁷⁴

Similar views were expressed by the Department of Lands. Listing individual tenure, vigorous agricultural extension and credit as essential elements for intensifying the scheme of smallholder production, Jackson cautioned that “the weakness or absence of any one is

⁷² McKillop, 1976, p.31.

⁷³ Objectives of Five-Year Programme - Agricultural Extension, January 1960: PNGNA a.12 b.16.372 f.1-1-2(d) Part.1.

⁷⁴ Henderson, Native Loans Fund Ordinance, 6 July 1962: PNGNA a.12 b.16.622 f.13-2-44 (my italics).

fatal, as has been amply demonstrated by most aid programmes to under-developed countries where one or more factors, in most cases that concerned with the administration of land tenure, is ... *not under the control of the agency providing the assistance*".⁷⁵

In a letter dated 27 January 1960, Gunther criticised the Vudal Scheme, describing "its progress to date as a failure". However, suggesting that "there can be no sound economic progress in this country until the native land tenure system is changed", the Assistant Administrator conceded that despite this failure, "the Administration must do everything in its power to promote this change and such schemes as the Vudal Scheme are, in my opinion, the best way possible of educating the people in the benefits of a change of the tenure system". Attributing the level of progress to a lack of concentrated extension effort and to the unavailability of credit for land development, Gunther recommended "that moneys available in the Native Loan Fund be applied to such a scheme as the Vudal Scheme".⁷⁶ As to the lack of extension supervision, in 1960 a full-time agricultural officer was appointed to service the Vudal, Vunamami and Warangoi Schemes and a year later, a similar appointment was made for the Popondetta/Sangara area.⁷⁷ As the means through which to superintend both the form and intensity of household labour, the specific association between credit and extension activity was given in the perception that, according to Gunther, "if the Vudal Scheme is allowed to fail, then we have failed in our first effort to educate the people in the need for change".⁷⁸ In 1960 money capital of £144 payable annually at £12 per month was made available to settlers at Vudal and Warangoi.

In July 1962, the developmental content of state-sponsored credit was brought into sharper focus, with an additional appropriation of £37,000 to supplement the Board's lending capacity and the announcement that "economic development rather than welfare should be emphasised in loan processing".⁷⁹ Taking the 'Rural Credit - Coconut Budget'

⁷⁵ Jackson, *The Provision of Credit in Papua and New Guinea*, 22 February 1961: ANU Archives q.22 b.22 f.1 (my italics).

⁷⁶ Gunther to The Treasurer and Director of Finance, 27 January 1960: PNGNA a.82 b.1274 f.25-4-0 Part.3.

⁷⁷ *Agricultural Extension Work in Papua and New Guinea*, 19 January 1961: AA M1776/1 Vol.19.

⁷⁸ Gunther to The Treasurer and Director of Finance, 27 January 1960: PNGNA a.82 b.1274 f.25-4-0 Part.3.

⁷⁹ Henderson, *Native Loans Fund Ordinance*, 6 July 1962: PNGNA a.12 b.16.662 f.13-2-44.

as an example, the developmental conditions, based on the assumption that each household had available 435 annual labour units, required that for the first three years, 4 acres per year would be cleared for coconuts and 3 acres in year four (the minimum economic size being 15 acres). In addition, a further half acre per year was to be cleared for subsistence crops. Of the 435 annual labour units available to the household for the first four years, an average intensity of 368 units was expected to be employed as labour power for clearing, planting, maintenance and subsistence. Accordingly, loan finance of £69 was advanced each year for the first eight years of operation with repayments beginning at year nine and calculated at 26% of net income for that year, rising to 50% in year twelve and fluctuating between 49% and 45% until the final payment in year eighteen. Based on a return of £50 per ton for copra, accumulated interest at 4³/₄% for the full eighteen year period of the loan totalled £234.⁸⁰

Applied in the context of declining returns for tropical commodities, particularly for cocoa, the inability of smallholders to meet the capital requirements of their loans meant, in the words of Lamrock, that they were unable to “increase their equity in the properties and by meeting only the interest payments” they were in effect “working for the N.L.B. [Native Loans Board] having no major tangible reward”. Rejecting requests for the deferment of capital repayments on the basis that the “productivity out turn” would remain “extremely low”, the Chief of Agricultural Extension instructed that the farm development plan be varied “to an extent whereby the farm is more productive and *at the same time having no or little effect on the prime objective of the farm development plan i.e. cocoa production*”.⁸¹ Put otherwise, the shift in emphasis from welfare to economic development in attaching money capital to indigenous smallholders, implied not a rejection of the agrarian intent underpinning state practice, but rather, in stripping away superficial notions of ‘community’, the ultimate, or ‘positive’ side of trusteeship was made explicit: to develop a ‘community’ of smallholders, attached to the land and subject to direct control by the colonial trustee.

⁸⁰ Rural Credit - Coconut Budget, 17 April 1963: PNGNA a.12 b.16.665 f.19-1-18(d) Part.6.

⁸¹ Lamrock, Warangoi Land Settlement Loan Repayment, 17 April 1967: PNGNA a.12 b.16.665 f.19-1-18(d) Part.5 (my italics).

9.4

Savings and Credit: the Continuation of a Theme

In April 1969, the Native Loans Board was disbanded and its functions transferred to the newly formed Papua New Guinea Development Bank (see Chapter Ten). That only 731 accounts with outstanding balances of \$324,000 (£162,000) were transferred to the new institution, suggests that the provision of credit through the Native Loans Board was never intended as a complete means for financing the intensification of household commodity production.⁸² Conscious, as Hasluck put it, that “land is one of the most sensitive political points in the Territory”,⁸³ the ultimate policy objective of converting *all* customary land into a single system of secure tenure was not to be imposed through direct coercion. Rather, as the Minister explained to the House: “a conversion of title from native custom to individual registered title may take place only if the majority of those interested in the land under native custom consent to conversion and the method of conversion”.⁸⁴ Conceived within a diffusionist problematic, the state-sponsored land settlement schemes were constructed as providing a concrete mechanism through which to facilitate this acceptance. As Agricultural Officer (Popondetta) R.J. Cheetham, explained: “the Government has recognised that acceptance of these innovations [i.e. extension services, credit and secure tenure] depends largely on a successful demonstration of the advantages that result from their adoption, and has attempted to demonstrate these in a series of land development schemes”.⁸⁵ The extent to which demonstration, through the provision of credit, implied coercion was indicative of the Administration’s position which, in the words of Cheetham, held that “the value of the settlement programme as a demonstration scheme will depend largely on the extent to which settlers are able to increase output per labour unit above that of the majority of village farmers”.⁸⁶ That the Native Loans Board had

⁸² Development Bank, Circular to all Agent Officers, 28 July 1969: PNGNA a.1054 b.18.471 fz.1-1-13 Part.2.

⁸³ Hasluck, Papua and New Guinea - Proposed Land Legislation, 1 March 1962: AA M1776/1 Vol.21.

⁸⁴ *Commonwealth Debates*, 7 April 1960, p.1021.

⁸⁵ Cheetham, 1962/63, p.70.

⁸⁶ *ibid.*, p.77.

“hardly scratched the surface”⁸⁷ was thus given in the diffusionist problematic through which the Administration sought to extend its control over land tenure and hence, the imposition of work on smallholders. The focus of this section is to discuss the important, if neglected, role of the Reserve Bank of Australia in mediating the Administration’s plans for transcending this limitation.

In the words of Governor H.C. Coombs, the role of the Commonwealth Bank (then the Reserve Bank) in the Territory was to:

1. adapt the banking system so that it meets the emerging needs of the New Guinea economy for the mobilisation of savings and for the use of credit;
2. to collaborate with the Administration in planning general economic and development policies and, more particularly, policies relating to banking and credit which are adjusted from time to time to meet the needs of the New Guinea economy itself; and
3. to develop financial and banking institutions in New Guinea which will be increasingly staffed at all practicable levels by natives of the Territories themselves, with the ultimate objective of ensuring that, if Australia ceased to be the responsible Trustee power for New Guinea, the transition for the conduct of financial institutions for and by the indigenous population could be effected smoothly.⁸⁸

The form and application of banking policy in the Territory cannot be separated from the ideas of Coombs and his Port Moresby representative, J.G. Phillips. In his autobiography, *Trial Balance*, Coombs listed his influences as “Adam Smith, John Stuart Mill, Karl Marx and Alfred Marshall”, adding that “apart from Keynes, J.S. Mill is probably the economist who has profoundly influenced my thinking”.⁸⁹ In 1967, as head of the Australian Council for Aboriginal Affairs, Coombs expressed the view that “while access to their land is denied, Aborigines ... are forced, as were the peasants of the sixteenth and seventeenth centuries by the enclosures, into the position of a landless proletariat dependent for their survival on employment for wages or on charity”.⁹⁰ In

⁸⁷ Phillips, Money and Banking in Papua and New Guinea, 30 April 1963: ANU Archives q.22 b.27 f.1.

⁸⁸ Coombs, Notes on New Guinea Visit, 8 September 1960: RBA PNG-a-9,1 p.10.

⁸⁹ Coombs, 1981:5; The publication of Keynes’ 1936 *General Theory of Employment, Interest and Money*, was for Coombs, “and many of my generation, the most seminal intellectual event of our time”; *ibid.*, p.3.

⁹⁰ cited in MacWilliam, 1997, p.95.

Papua New Guinea six years earlier, Coombs expressed a similar concern, cautioning that “perhaps the most difficult social and economic problem facing New Guinea is the emergence of a class of natives around the major towns, particularly [Port] Moresby, who are divorced from the land in any productive way and who are often isolated from the tribal groups in which they grew up”.⁹¹

If the role of the central bank, as Keynesian trustee, was to direct the productive force of the community, then in a society where labour remained attached to land, mobilising this productive force implied securing this attachment under conditions of intensified economic activity. The extent to which the views of Coombs coincided with Hasluck’s expressed distaste for proletarianisation are best illustrated in the comments by Economic Adviser, A.W. McCasker, who advised that “adequate resettlement schemes must be ready to take up much of [the] ... surplus rural labour or it will drift into the towns”. Suggesting that indigenous unemployment was a feature of urban life, he added that “such social problems are, in fact, more difficult to manage and are potentially more dangerous in the towns than in the villages where the traditional social fabric is still strong and at least a minimum food supply is more or less assured”.⁹² Framed in the context of fluctuating global commodity prices, trusteeship as superintended through the various apparatuses of state, did not imply the provision of securing social need through production, but rather the one-sided attempt to compensate for the emergence of a relative surplus population.⁹³

In tracing the evolution of banking policy in the Territory, Coombs suggested that whilst the Spate-Belshaw-Swan Report (see Chapter Five) “was mildly critical of the limited contribution of the banking system in furthering New Guinea development, particularly among the indigenous peoples”, the ensuing discussions between the Commonwealth Bank and the Department of Territories concluded “that there were few opportunities at that stage for promoting more rapid development of the native economy by the use of credit”.⁹⁴ The positional shift from viewing the provision of credit as “likely to do more harm than

⁹¹ Coombs, Notes on New Guinea Visit, 8 September 1960: RBA PNG-a-91, p.8.

⁹² McCasker, Problems of Rural Productivity in Papua and New Guinea, 1966: RBA PNG-a-80, p.7.

⁹³ In the comparative context of Kenya, see Cowen and Shenton, 1996:296-298.

⁹⁴ Coombs, 1971, pp.75-76.

good”,⁹⁵ to one in which a reformed banking system was seen as essential for intensifying indigenous commodity production, came in 1959 with the publication of the Thomas-Ryan report. According to Coombs, “the report ... caused us to modify our previous generally negative impression of the possibilities of the banking system in contributing significantly to speeding up economic and financial development of the Territories”.⁹⁶ Adding impetus to this revision was the potential for political conflict in the Gazelle Peninsula, arising from the Tolai perception that indigenous savings were “being lent to Europeans and Chinese, but not to natives”. In the words of Thomas and Ryan:

there are many difficulties in lending to natives in the Territory, many of which are legal and not of our own making, but to the outside observer [the Tolai of New Britain], the non-investment in the Territory of native savings bank funds could appear exploitative. It was action along these lines that helped cause the British banks in West Africa to become unpopular with the native population.⁹⁷

Insofar as the activities of the trading banks operating in the Territory were subject to the *Commonwealth Bank Act 1959*, the terms and conditions on which they could advance credit were structured in accordance with policies directed at regulating accumulation in Australia. The Statutory Reserve Account System required that trading banks hold in reserve a percentage of deposits as liquid capital, the ratio of which was determined by the Reserve Bank as a means of controlling the capacity of banks to fuel over-accumulation by over-extending credit. In addition, “the Bank was empowered to direct purposes for which loans may or may not be granted ... and, with the permission of the Commonwealth Treasurer, to control interest rates”.⁹⁸ Given that interest rates, and the conditions on which credit could be extended in the Territory, were subject to the same restrictions on capital circulation operating in the metropolitan economy, the ratio of advances to deposits for Papua New Guinea was much lower than that in Australia: at June 1964 the ratio for the

⁹⁵ *ibid.*, p.76.

⁹⁶ *ibid.*, p.80.

⁹⁷ Thomas, J.R. and Ryan, D. (1959) *Report of a Survey on the Use of Money and the Need for Credit by the Indigenous People of the Territory of Papua and New Guinea*. Sydney: Commonwealth Bank of Australia: RBA PNG-a-85, pp.56-57.

⁹⁸ Phillips, Money and Banking in Papua and New Guinea, 30 April 1963: ANU Archives q.22 b.27 f.1.

Territory was 38.4% compared with 53.3% for Australia as a whole.⁹⁹ The problem, as stated by the 1965 World Bank Report, was that:

the trading banks ... are not organised or orientated to implementing an aggressive policy of development financing. They have a commercial banking outlook which is in keeping with their responsibilities. They require security of land with recorded individual title, charge interest rates in line with those prevailing in Australia and finance only a relatively modest share of the total cost of new projects; also their period of lending is too limited. In general, they attempt to apply to the Territory the policies adapted for Australia.¹⁰⁰

In 1964/65 Territory capital held as statutory reserves in Australia totalled £1,700,000. It was not that indigenous savings were being used to finance expatriate accumulation, but rather they were being advanced as productive capital in Australia. As Hasluck's replacement, C.E. Barnes suggested, "the advance/deposit ratio of trading banks in the Territory is unduly low and a large proportion of savings are invested in Australia". The result, according to the Minister, was that "this capital outflow from the Territory through the medium of the trading banks conflicts with the best interests of Territory development".¹⁰¹

In October 1965, Coombs instructed that "until further notice new bank lending in the Territory should be related to the needs of the Territory and not be within the general limitations on new lending as defined for Australian policy purposes".¹⁰² The point however, was not to provide a framework for the unrestricted extension of private, or mortgage credit to indigenous households. To repeat an earlier quote, the Administration's position held that:

if for example with individual tenure available as security, and uncoordinated rural credit available through the banking system according to demand for short term considerations, a chaotic situation could arise in a period of

⁹⁹ Memorandum for Central Banking Advisory Committee - Application of Australian Credit Policy to Papua and New Guinea, 10 August 1965: RBA PNG-b-74.

¹⁰⁰ World Bank, 1965, p.379.

¹⁰¹ Barnes to Treasurer, 23 September 1965: RBA PNG-a-55.

¹⁰² Coombs to Commonwealth Development Bank of Australia, 26 October 1965: RBA PNG-b-76.

oversupply on world markets from which both the Administration and the Commonwealth would find difficulty in extracting the native people.¹⁰³

As MacWilliam notes, “constraints on the capacity of smallholding owners to buy and sell land are the means by which the action of other forms of capital are diluted”.¹⁰⁴ Thus, as a 1961 memorandum on ‘Bank Lending to Papuans - New Guineans’ made explicit, “the Department of Territories ... could not allow unrestricted trading in land by Papuans and New Guineans in their own interests and that the new tenure arrangements would have to place some restriction on this type of transaction”.¹⁰⁵ Insofar as Section 26 of the *Land (Tenure Conversion) Ordinance 1963* held that customary land converted to individual title could not be expropriated as security,¹⁰⁶ the redirection of credit policy to the “needs of the Territory” sought to create space for the proposed Development Bank, as an apparatus of state, to mobilise the productive potential of indigenous smallholders. As Barnes explained:

regarding the ... question of the relationship of the [Development] Bank to the Reserve Bank and the Commonwealth Banking Act there are a number of legal aspects which will need to be examined by our respective departments. I think here it is important to make such provisions as will enable the identity of the new bank as a Territory institution to be clearly established. At the same time it will be necessary to ensure that the policy of this institution ... does not defeat the purposes of Australian monetary and foreign exchange policies. I think it should be possible to frame an exemption under Section 11 of the Banking Act which will satisfy these requirements while at the same time making it clear that the new institution will not be automatically subject to directives of the Reserve Bank which are designed to control the credit situation in Australia.¹⁰⁷

To view the plans and activities of the Reserve Bank in the Territory as creating conditions for expanded expatriate accumulation, would be a mistake. In December 1960, Coombs expressed concern that an article intended for publication in the *Pacific Islands*

¹⁰³ Jackson, The Provision of Credit in Papua and New Guinea, 22 February 1961: ANU Archives q.22 b.22 f.1.

¹⁰⁴ MacWilliam, 1991, p.11.

¹⁰⁵ Bank Lending to Papuans - New Guineans Administration Guarantees, 20 April 1964: RBA PNG-6-65.

¹⁰⁶ Land (Tenure Conversion) Ordinance 1964, *Laws of the Territory of Papua and New Guinea (annotated)*, 1964 Vol.2, p.544.

¹⁰⁷ Barnes to Treasurer, 23 September 1965: RBA PNG-a-55.

Monthly gave the “impression” that the increasing interest of the Bank “was connected directly with European financial and economic development”.¹⁰⁸ That any such support “would not be forthcoming”, suggests that the Bank’s “proper domain” was seen to centre on indigenous economic activity. Given the stated aim of collaborating “with the Administration in planning general economic and development policies”, how then did Coombs envisage a role for the Bank in stimulating indigenous productive effort?

After 1959, the Administration saw the role of the Reserve Bank as primarily ‘educational’, albeit with a definite productive intent. In his paper on ‘Problems with Rural Productivity in Papua and New Guinea’, McCasker stated that it was “necessary to make the people ... understand the consequences of [the] failure to increase productivity as regards to both land and labour”.¹⁰⁹ To achieve this, the Economic Adviser advocated a “propaganda effort”. At one level, this effort sought to “show up the extent of under-employment in the village”; and at a second level, to induce an understanding of the money economy and of investment as a requisite condition for intensifying household labour effort. At both levels, the substantive content of the agrarian doctrine remained explicit. With respect to the first, and premised on the shared assumption that labour effort remained fixed in land, propaganda was conceived as creating a “favourable climate” for the acceptance of plans directed at negating the perceived barriers to the realisation of intensified labour effort. As Phillips explained: “the income accruing to the very large bulk of these [i.e. indigenous] cultivators is not sufficient of itself to provide any real impetus for a developmental break-through”. To this extent, “two things at least are needed, a substantial injection of capital (within the limit of skills available to employ it), and a reform of the land tenure system”.¹¹⁰ This injection, or attachment of money capital to indigenous smallholders, was to be both supervised and administered through the Development Bank, the process of which is discussed in the following chapter. At the second level, trusteeship, according to Phillips, was synonymous with the realisation that “if these people are to be able to take anything approaching a full part in the development

¹⁰⁸ Territory of Papua and New Guinea - Pacific Islands Monthly, 8 December 1960: RBA PNG-a-91.

¹⁰⁹ McCasker, Problems of Rural Productivity in Papua and New Guinea, 1966: RBA PNG-a-80, p.7.

¹¹⁰ Phillips to Curtin, 6 July 1961: RBA PNG-b-76.

of their Territory, every assistance must be given to them - not to break down their traditional system of social security - but to adjust its symbols and its concepts to fit the money economy in which they operate".¹¹¹

Insofar as the first level of the Bank's education programme implied a plan for raising per capita returns to labour and the second, to the provision of "incentives" for facilitating this intensification, strategies for addressing the latter (and hence the former) centred on the traditional concerns for 'hoarding', 'subsistence affluence' and the potential under conditions of accelerated development, for the emergence of an indigenous money-lender class. As to the first concern, in 1963 Phillips estimated that "hoarded" capital in the Territory was not less than £1,000,000. Whereas for the Co-operative Section, consumer retail stores were encouraged as a technique for combating hoarding and its potential for fostering individual accumulation, for Phillips it was the withdrawal of capital from circulation and hence, its detachment from labour, which was of primary concern.¹¹² As he saw it, "money withheld from circulation is pretty useless, both to the owner and to the Territory".¹¹³ The chosen technique for combating hoarding in the 1960s took the more sophisticated form of the Savings and Loans Society. As Hasluck explained:

already more than 25% of total agricultural exports are produced by the indigenous people from which they receive cash incomes totalling about £3M. They are wage-earners and produce cash crops and goods for local consumption. They have an inclination to hoard their money. Steps have been taken to mobilise the available savings ... [F]ollowing discussions with the Commonwealth Reserve Bank, provision is being made by Ordinance to

¹¹¹ Phillips, Money and Banking in Papua and New Guinea, 30 April 1963: ANU Archives q.22 b.27 f.1.

¹¹² This is not to suggest that trade stores were no longer seen to perform a useful economic function. Quite the contrary, as Reserve Bank Officer E.V. Fleming suggested in his investigation of 'Financial Education and Community Advancement in Papua and New Guinea': "the problem of accelerating economic development implies a need to provide incentives for people not yet fully monetised to want to do work to earn money. They must overcome their traditional preference for leisure. One way of doing this is to provide opportunities for them to buy goods and services which they desire. Once a demand for goods ... has been created, the villager is much more eager to work"; see Fleming, Financial Education and Community Advancement in Papua and New Guinea, 7-11 August 1970: RBA PNG-b-505.

¹¹³ Phillips, Money and Banking in Papua and New Guinea, 30 April 1963: ANU Archives q.22 b.27 f.1.

establish savings and loan societies or credit unions. *There is a social and educational purpose in this as well as the financial purpose.*¹¹⁴

Promoted in accordance with Coombs' aim of bringing "the indigenous people themselves into financial institutions at the grass-roots level",¹¹⁵ Savings and Loan Societies were operated through the local government system. Premised on the assumption, in the words of Phillips, that "the 'carrot' of being able to borrow helps to draw hoarded monies out of their hiding places",¹¹⁶ organised groups were first required to operate solely as Savings Clubs, in which capital drawn back into circulation was held in a conventional savings account. By June 1963 "approximately one man in 20" in the Gazelle Peninsula was a member of a Savings Club.¹¹⁷ Two years later 42 clubs had been established in the Eastern Highlands.¹¹⁸ Having demonstrated a commitment to "promoting thrift amongst its members", that is, drawing "hoarded monies out of their hiding places", a Savings Club could apply for registration as a Savings and Loan Society.

Credit acts as a medium of accelerating the productive realisation of money as capital and to this extent, for Phillips, "the function of the financial system, stripped of all its complications", was conceptualised along classic Saint-Simonian lines, namely "to mobilise unused funds of people with an excess ... and make them available for people who can use them".¹¹⁹ The developmental intent underpinning the promotion of Savings and Loan Societies was to draw capital back into circulation and, through the provision of low level credit, to "mobilise the small savings of village people and harness them for the benefit of the community as a whole"¹²⁰ - that is, as a 'community' of smallholders.

¹¹⁴ Hasluck, 'The Economic Development of Papua and New Guinea', 1960: PNGNA a.12 b.3875 f.1-1-6 Part.2 (my italics).

¹¹⁵ Coombs, 1971, p.87.

¹¹⁶ Phillips, Money and Banking in Papua and New Guinea, 30 April 1963: ANU Archives q.22 b.27 f.1.

¹¹⁷ Reserve Bank of Australia - Progress Report on Special Activities in Papua and New Guinea, 1963: RBA PNG-a-55.

¹¹⁸ Reserve Bank of Australia: Progress Report on Activities in Papua and New Guinea, November 1965: RBA PNG-b-853.

¹¹⁹ Phillips, Money and Banking in Papua and New Guinea, 30 April 1963: ANU Archives q.22 b.27 f.1.

¹²⁰ *ibid.*

To the extent that Savings and Loan Societies provided a medium for extending low level credit subject to administrative supervision, their diffusion under conditions of accelerated development was seen as checking the potential emergence of a class of indigenous money-lenders in smallholder agriculture. As Phillips explained: “there is a role for co-operative credit, in the form of Saving and Loans Societies, to forestall the growth of a money-lender class by providing similar facilities and advantages without the attendant problems”¹²¹ - indebtedness leading to landlessness. Prior to introducing the concept to Papua New Guinea, comparative studies undertaken in Fiji suggested that up to 80% of union loans were for the “consolidation of credit”. That is, “the credit unions have been used to get Fijians out of the hands of storekeepers and money-lenders”. Figures for the Airport Credit Union (Fiji) showed that of £18,426 advanced as credit in 1960, £11,419 was for the consolidation of debts, or payments to money-lenders. In comparison, credit for building materials, the second highest priority, totalled only £1,274.¹²²

The Administration’s concern for the possible emergence of usury was directed at its potential for undermining the agrarian content of the scheme for smallholder development. First, there existed the potential for unsupervised credit to subvert legislation protecting indigenous attachment to the land. As Phillips explained:

one commentator with a great deal of experience in economic activity among the natives has suggested that the population has not become economically enslaved to non-indigenous money-lenders ... mainly because the average native has not been ‘worth the trouble’. The only thing of value he possessed was his land and this was heavily protected by law and by native custom. However, with the growth of cash cropping and the increase in numbers in paid urban employment, this position is changing, and the way is opening for the growth of usury despite the protective legislation in force.¹²³

Second, to repeat an earlier quote from Coombs, the “justification for providing credit is that it leads to increased production so that loans are repayable from the proceeds of this

¹²¹ *ibid.*

¹²² Curtin and Phillips, *Credit Unions in Fiji - Their Relevance to Papua and New Guinea*, April 1961: RBA GMP-91-35.

¹²³ Phillips, *Money and Banking in Papua and New Guinea*, 30 April 1963: ANU Archives q.22 b.27 f.1.

increased production”.¹²⁴ In contrast, usury, secured at charges beyond which an indigenous household could be expected to service through intensified family labour effort, was seen as a potential disincentive to expanded commodity production. Quoting the ‘All-India Rural Credit Survey’, in which 70% of credit extended to smallholders was reported to be derived from money-lenders, Phillips cautioned that:

very often their [i.e. money lender] charges are out of all proportion to the risk involved in the business and constitute an exploitation of the helplessness, ignorance and the necessity of the borrower. Nor is the agricultural economy of the country in a position to bear the strain of his extortion. *The credit dispensed by him, instead of contributing to the agricultural prosperity of the country, serves as a serious drag on it.*¹²⁵

Whereas for Fiji, Savings and Loan Societies were introduced retrospectively as a means of countering usury, in Papua New Guinea they were developed as a pre-emptive strategy. Disposed to the belief that the policy of accelerated development, in challenging the policy of ‘uniform development’, provided potential avenues for the emergence of a particular, parasitic form of accumulation, Savings and Loan Societies were introduced as a medium through which the Administration could supervise the extension of low level credit. Indeed, combined with institutions such as the Native Loans Board and the Development Bank, the intent was to subject all developmental credit to state supervision.

That the Papua New Guinea literature has tended to neglect role of the Reserve Bank in giving expression to the Administration’s plans for extending its control over the form and direction of money capital, is most likely due to the macro-economic domain such institutions are seen to occupy in developed economies. However, as Phillips himself realised, “the traditional conception of central banking, with restricted emphasis on controlling the supply of credit in the interest of monetary and exchange stability, is inadequate to meet present conditions in underdeveloped countries”. In the Territory, the “charter” adopted by the Bank was “one of seeking for gaps to be filled and helping to fill

¹²⁴ Coombs, Address Given by Dr H.C. Coombs, Governor of the Reserve Bank of Australia, to the Royal Institute of Public Administration, Port Moresby, 29 August 1960: RBA PNG-A-A1.

¹²⁵ Phillips, Money and Banking in Papua and New Guinea, 30 April 1963: ANU Archives q.22 b.27 f.1 (my italics).

them”.¹²⁶ Savings and Loan Societies, as one form of direct intervention in filling this gap, testified to the agrarian intent through which the extension of credit and saving facilities to indigenous smallholders was conceived. Given Coombs’ distaste for proletarianisation, it was predictable that in a situation where the bulk of the population remained attached smallholdings, the post-war doctrine of ‘full employment’¹²⁷ found expression as a programme for directing the productive force of the ‘community’, with the view of securing this attachment under conditions of intensified economic activity. That Coombs, as MacWilliam suggests, fitted “neatly into that of the ‘ephor of development’, constructed by the Saint-Simonians, Goethe, Joseph Schumpeter, and others”,¹²⁸ was thus explicit in the Reserve Bank’s approach to trusteeship in the Territory.

9.5

Conclusion

Legislation, such as the *Trading with Natives Ordinance 1946* and the *Prices Regulation Ordinance 1949*, in tying trading capital to state plans for the provision of indigenous welfare, represented defensive measures which, when refashioned offensively after 1956, found expression in plans for extending state-supervised credit to smallholders. Just as trading capital was rendered subordinate to state plans for inserting commodities into household consumption, money capital in the form of credit was to be activated and superintended through the state apparatus as part of its plan for intensifying household commodity production. The effect of this extension was twofold. As noted, “it subjugates household production to formal capitalist calculations, and it means that an increasing percentage of the surplus production in households must go to pay creditors”.¹²⁹ That the exercise of state trusteeship was deemed essential for mediating both conditions of subsumption, reflected not a desire to transcend the agrarian doctrine, but rather the assumption that labour effort remained fixed in land and that state administration was a requisite condition for negating the perceived barriers to the realisation of this effort - low

¹²⁶ *ibid.*

¹²⁷ see Coombs, 1981a; and MacWilliam, 1997, pp.94-95.

¹²⁸ MacWilliam, 1997, p.94.

¹²⁹ MacWilliam, 1992, p.145.

returns to labour and a system of land tenure perceived as incapable of ensuring the retention by households of minimum economic areas. It follows that the provision of credit came to be viewed as synonymous with administrative plans for land reform. As Gunther put it, “one of the greatest administrative problems facing us is to untangle the extremely confused land tenure system” and insofar as the Vudal Land Settlement Scheme was deemed a failure “the only way to make [it] ... succeed will be to grant credit facilities”.¹³⁰ The aim, in short, was to negate the perceived independence of indigenous households with respect to land and labour utilisation. That is, “to show up the extent of underemployment in the village”.¹³¹ The period from 1960 to independence in 1975 was characterised not by the progressive withdrawal of the Administration’s control over the conditions of smallholder production, but rather the opposite. Stripped of its recourse to the ‘customary’, the ensuing period of accelerated development made explicit what was implicit in the scheme of smallholder production from the outset: the coercive attachment of households to the land under conditions of intensified commodity production.

¹³⁰ Gunther to Treasurer and Director of Finance, 27 January 1960: PNGNA a.82 b.1274 f.23-4-0 Part.3.

¹³¹ McCasker, *Problems of Rural Productivity in Papua and New Guinea*, 1966: RBA PNG-a-80, p.7.

Chapter Ten

Land, Labour, the Development Bank and State Supervision

10.1

Introduction

The Derham Report 1960, and its use by Hasluck to impose a uniform system of the rule of law in the Territory, has received considerable comment.¹ In the words of Peter Sack, essentially “it aimed at dismantling the *kiap* system of government and at filling the gap - as far as the administration of justice was concerned - with an expanded and improved system of ‘proper’ conventional courts”.² The ‘separation’ of state and law is, of course, a central feature of contemporary state formation.³ However, the report’s negative proposals with respect to local government reform and its use by Hasluck, to reassert central government control over the form of land tenure and hence, the imposition of work on indigenous smallholders, has received comparatively less attention. As discussed in Chapter Eight, area administration, through a system of Native Local Government Councils, was seen by Fenbury as the only “feasible and efficient point of entree to the problem of achieving control over land tenure”.⁴ As noted, the assumption was that labour effort remained fixed in land and hence, as Fenbury saw it, “the tenure system developed for cash cropping directly governs the amount of per capita production, indirectly affects the quality of the product [and] ultimately influences the pattern of political evolution”.⁵

¹ For a particularly insightful account, see Sack, 1989.

² *ibid.*, p.378 (original italics).

³ see *Commonwealth Debates*, 24 October 1961, pp.2347-2350.

⁴ Fenbury to Hasluck, 14 August 1957: AA M331/1 35, p.9.

⁵ *ibid.*, p.3.

Fenbury's point that "a tribal system of land tenure is incompatible with permanent tree-crop production"⁶ was not lost on Hasluck. In October 1959, he suggested that "uppermost in our minds" for giving attention to future land policy were the "considerable difficulties arising ... by reason of the fact that natives were now planting tree crops which had a long life and the registration of native land ownership as it existed under customary land systems was unlikely to ensure a continuing interest in land to those who had done the planting".⁷ However, speaking in the same year to the HFSA, the Minister identified the central question as relating to "how can we reach the point where more and more of the native people are lease holders from the Crown and what is the appropriate way of reaching that point?"⁸ Hasluck did not support the Administration's exploratory implementation of what was essentially the Fenbury model of tenure conversion. In reference to the Vudal, Ambenob and Higaturu Land Settlement Schemes, he cautioned:

in various parts of the Territory individual officers or groups of officers have themselves been making a tentative approach to the settlement of these problems [i.e. tenure reform]. We appear to have had various schemes introduced by local decision and without apparently complete cognisance of them by the Administrator. In my opinion some of these small local schemes of land settlement contain principles which would be unacceptable to the Government. It is therefore ... necessary for us to make at once a firm decision about the basic principles which have to apply in any new system of native land ownership.⁹

In criticising the Administration's experiments in tenure reform, Hasluck was not questioning their intent, but rather the institutional level at which the schemes were being diffused.¹⁰ Of particular concern for the politician, was the impact of a 'premature' devolution of land policy on the future capacity of the state to administer agrarian reform. As Hasluck saw it, "we cannot allow to grow up a system in which people hold land from any other authority other than the Crown".¹¹ The critical point being, that the future role of

⁶ Fenbury, Notes on Native Policy, 7 April 1956: AA M331/1 35, pp.12-13.

⁷ Hasluck, Lands Policy in Papua and New Guinea, 26 October 1959: AA M1776/1 Vol.16.

⁸ Hasluck, Minutes of the Visit of the Hon. Minister for Territories, Paul Hasluck with the Executive of the H.F.S.A, 11 December 1959: Downs I.F.G - Highlands Farmers and Settlers Association - Papers 1956-1968, PMB No.609, ANU.

⁹ Hasluck, Lands Policy in Papua and New Guinea, 26 October 1959: AA M1776/1 Vol.16.

¹⁰ see Hasluck, 1976, p.326.

¹¹ Hasluck, Lands Policy in Papua and New Guinea, 26 October 1959: AA M1776/1 Vol.16.

the state (colonial or post-colonial) in directing land policy, including devolution, was not to be usurped by a competing level of local authority. It followed, that in responding to requests for “a system under which land is registered by councils and titles to that land be given to lessees by the councils”, Hasluck questioned whether the Administration could:

in fact surrender the functions of the Lands Department and of the Registrar of titles to some other authority? Can the Crown share with some other authority its control over lands?¹²

Hasluck’s tenure as Minister for Territories coincided with a period in which the Australian national state was guided by a definite developmental intent.¹³ To this extent, land and labour policy in the Territory were construed, in constructivist terms, as the primary forms through which to control the imposition of work on indigenous households.¹⁴ Moreover, in light of the shift in developmental focus from communal to per capita returns to households, plans for extending the supervisory capacity of the Administration acted to strengthen rather than re-define central government control over land policy. As Hasluck informed the House: “the ultimate and long-term objective in Papua and New Guinea is to introduce throughout the Territory a single system of land holding *regulated by the central Government by statute, administered by the Department of Lands of the central Government*, and providing for secure individual registered titles after the pattern of the Australian system”.¹⁵ The creation of the Land Development Board in 1954 was a response to the threat posed by rapid expatriate settlement of the Highlands and its potential for promoting rather than checking indigenous landlessness. Fearing in 1954, that the Administration “will lose control over the carrying out of established policy in regards to land”,¹⁶ the same concern was implicit in Hasluck’s moves to reassert central government control over plans for tenure reform. Pivotal in reaffirming this centralisation was the Derham Report.

¹² Hasluck, Native Local Government Council Conference, Madang, June 1959, 13 August 1959: AA M1776/1 Vol.16.

¹³ see MacWilliam, 1997, pp.91-92; and Eggleston, 1953, p.4.

¹⁴ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.9.

¹⁵ *Commonwealth Debates*, 7 April 1960, pp.1020-1021 (my italics).

¹⁶ Hasluck to Lambert, 11 March 1954: AA M1776/1 Vol.5.

Derham's report suggested that "there has been an unfortunate difference of view as to the proper operation of the Local Government Ordinance". Noting two distinct views, the report expanded:

on the first view the Ordinance is read as creating local government bodies not unlike those familiar in England and Australia and so that Native Local Government Councils are equivalent to Municipal or Shire Councils in Australia ... The other view is that the Ordinance does nothing of the sort; that all it does is establish a machinery for area administration. And, further that, subject as it is to control and supervision by the central Administration, no limits should be read into the ordinary meaning of the words used to confer power upon the Councils which are made units for that area administration.¹⁷

According to Derham, the first view held that "the general powers of a Council whether of an administrative or legislative kind, would be so read as to exclude all subjects not appropriate to the concept of local government, unless of course the subject is specifically conferred". Conversely, it was further submitted, that the "view that the Local Government Council structure is merely part of the machinery of area administration and does not involve a genuine attempt to separate matters of local concern from matters of Territory-wide concern, is a dangerous one".¹⁸ Given the perceived centrality of land policy in mediating the Administration's control over the conditions of smallholder production, the report's differentiation between matters of local and central government concern, effectively reaffirmed the question of tenure reform as a matter subject to exclusive control by the latter. As Hasluck put it, "I find it difficult to separate ... Professor Derham's report from the general problems of land tenure [to] which we are giving attention". In particular, his observations were seen to raise doubts "about some of the proposals made by the department".¹⁹

In a memorandum dated 6 July 1961 on the 'Future of Native Local Government Councils', Lambert criticised the Administrator for expressing the view that Councils

¹⁷ Derham, D.P. (1960) *Report on the System for the Administration of Justice in the Territory of Papua and New Guinea*. Report for the Honourable Minister for Territories, Mr. Paul Hasluck, M.P: UPNG, p.64.

¹⁸ *ibid.*

¹⁹ Hasluck, Administration of Justice in T.P.N.G., 8 February 1961: PNGNA a.82 b.279 f.2-20-4.

acted “more or less as agents for the Administration”, which “tends to make them more administrative than governmental bodies”.²⁰ In opposition to this view, the Secretary instructed that the following directives be given as steps toward implementing Derham’s recommendations:

1. Local Government Councils are to be developed to become bodies exercising powers in relation to matters of local concern, without detailed supervision, though subject to the usual safeguards of audit and reserve powers of management in event of breakdown;
2. The rule-making and executive powers of the Councils are to be strictly limited to local matters;
3. In particular the Councils are not to exercise judicial powers, *nor are they to become land authorities* or conduct schools.²¹

On 11 July 1961, Hasluck approved the foregoing recommendations, suggesting that they be forwarded to Cleland for “his comments on the appropriate means for giving effect to these decisions and, in particular making a smooth but early transition from using the councils as ‘agents of the Administration’ to the functioning of the councils as local governing bodies”.²² To reiterate an earlier point, the final shape of local government policy, in particular the limited role for councils in re-structuring smallholder productivity, reflected a struggle over territory, not ideology. That is, the assumption that labour effort remained fixed in land was shared by both Hasluck and the Territory Administration and to this extent, the sole area of debate related to the form through which plans to re-structure the scheme of household production were to be supervised. With respect to both existing and future council settlement schemes, the corollary was predictable: writing in August 1961 on the Higaturu Land Registration Scheme, Gunther maintained that it “represents one of the Administration’s most important experiments to date in tenure conversion”. The Assistant Administrator was forced to concede however, that due to

²⁰ Cleland, cited in Lambert, Future of Native Local Government Councils, 6 July 1961: AA M1776/1 Vol.20.

²¹ Lambert, Future of Native Local Government Councils, 6 July 1961: AA M1776/1 Vol.20 (my italics).

²² Hasluck, attached comments to, Future of Native Local Government Councils, 6 July 1961: AA M1776/1 Vol.20.

Ministerial directives “its importance is enhanced by the fact that the *organising of additional experiments along these lines is precluded*”.²³

The comment by Downs that the various reports commissioned by Hasluck “usually reflected” the Minister’s “own policy and were used in support of a particular course of action”,²⁴ was particularly true with respect to the Derham Report. As a means for reasserting the “systematic development of native agricultural potential” as an object subject to central government control, it effectively centralised the Administration’s plans for accelerated development as a process subordinate to direct supervision by the colonial state. The undercurrent of history shaping this subordination was the ‘positive’ intent which permeated the developmental state, and reflected in Hasluck’s attachment to the agrarian doctrine of development. What follows outlines the plans for realising this intent through the Administration’s programme of land reform, the World Bank Report and the extension of credit to indigenous smallholders through the Development Bank.

10.2

Land Reform

As already noted, it was customary tenure backed by state power which secured indigenous attachment to the land and hence, the scheme for smallholder development. Initially, this expression of power assumed the form of plans to implement comprehensive measures for the registration of indigenous landholdings under the *Native Land Registration Act 1952*. Recognising, in the words of Hasluck, that “to protect and enforce native land rights it is not sufficient merely to provide safeguards against unlimited alienation of native lands”,²⁵ the Ordinance established a Native Lands Commission responsible for translating into practice the agrarian content of the Administration’s land policy. As the Minister explained:

²³ Gunther, Higaturu Land Registration Scheme, 10 August 1961: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU (my italics).

²⁴ Downs, 1980, p.97.

²⁵ Hasluck to Marsh, 16 April 1953: PNGNA a.249 b.291 fca.28-6-1-159.

The Commission has commenced the work of investigating and recording native lands rights in a Register which will be a permanent record of native ownership of land and will enable the Administration more effectively to protect and enforce the rights of native owners of land in the Territory and to settle any disputes which may arise concerning those rights. This is as important in determining land rights as between natives themselves as it is in protecting native lands from encroachment by non-natives.²⁶

Limited resources (only eight Native Land Commissioners were appointed), coupled with a complete failure to appreciate the complexity of existing customary land rights, meant that the Commission achieved little: “of the 472 applicants for registration, a decision was reached on 176, but only a few were surveyed and none registered”.²⁷ By 1959 these limitations were acknowledged by the Administration. In a memoranda dated 26 October 1959, Hasluck conceded that “the work of the Native Lands Commission had revealed to us that the native system of land holding was much more complicated than we had at first thought ... and that simple registration of native lands would not only be an unprofitable task but would probably not be completed in the lifetime of anyone now at work”.²⁸ Importantly however, the replacement in 1962 of the Native Lands Commission with the Land Titles Commission, was not solely a reaction to the former’s lack of progress. Proposed as early as June 1947, and structured in accordance with existing Fijian legislation, the Native Lands Commission was instructed to register landholdings “in the name of clans and not individuals”.²⁹ In other words, the initial process of registering indigenous tenure, or securing household attachment to the land, contradicted the ideological shift in state practice after 1956 and its focus on the individual, as opposed to communal forms of household production.

In September 1959, Hasluck invoked the “liberal respect of property” as justification for restrictions on land alienation for expatriate settlement. Responding to criticisms from Liberal Party colleagues R.C. Wheeler and M.L. McColm, the Minister argued that “the liberal respect of property ... is as much a respect of a small property no less than a respect for a large property and this respect means the constant protection of the small man and

²⁶ *ibid.*

²⁷ MacWilliam, 1991, p.18; see also Bredmeyer, 1975, pp.268-269.

²⁸ Hasluck, Lands Policy in Papua and New Guinea, 26 October 1959: AA M1776/1 Vol.10.

²⁹ Jones, Registration of Native Land, 9 September 1949: PNGNA a.243 sn.339 b.187 f.17-2.

not merely an encouragement to the strong”.³⁰ In 1960, having “checked the alienating of land for use by the white settler”, the same liberal doctrine was extended as a basis for translating into practice an ideological preference for individual (i.e. household), as opposed to communal, ownership. Underpinning this extension was, as Hasluck later reflected, the perception that:

land retained in native ownership was not always available for the native farmers who were ready to work it for a cash income ... The response to opportunity and eventually the drive to fuller use of the land came from an *incipient capitalism* rather than from communal effort ... My interpretation of the fact - I had no doctrinal learning - is that the New Guinean is strongly *individualistic*.³¹

As a basis for restructuring indigenous agricultural potential, the extent to which Hasluck’s recourse to a “liberal respect of property” went against existing administrative practice, should not be over-stated. Customary tenure was officially regarded as a barrier to expanded commodity production and hence, an impediment to economic development.³² For example, the 1956 Report of the Senior Officers’ Course (no.1) advised, that “the present system of land usage will not permit a great increase in the standard of living and that the system will be replaced by one which gives added incentive and economic security to the individual - in an ‘European style tenure’”.³³ Although differing on the question of how to implement tenure reform, Hasluck and the Administration were united in their search for an ideal construction of capitalism centred on the defence of small property. As Henderson put it, “the native system of land tenure must break down as the community changes from the subsistence to a cash economy” and to this effect, “the Administration needs to consider its Land Policy to meet these changing conditions”.³⁴ With respect to the Native Lands Commission, the conclusion was predictable: according to the Economic Development Committee, “over-definition of customary rights, in advance of necessity, would have a detrimental effect on the development of other and more desirable rights”.³⁵ Put otherwise, the registration of customary land rights was thought to legitimise a form of

³⁰ *Commonwealth Debates*, 30 September 1959, pp.1574-1575.

³¹ Hasluck, 1976, p.319 (my italics).

³² see Fingleton, 1981, pp.212-214.

³³ cited in McKillop, 1976, p.23.

³⁴ Henderson, Native Land Tenure, 29 June 1955: PNGNA a.249 b.291 fca.28-6-1-159.

³⁵ Land Development Board, Native Land Tenure, July 1957: PNGNA a.16 b.400 f.34-15.

tenure which, insofar as it was perceived as incapable of facilitating expanded indigenous commodity production, was deemed 'illegitimate'.

Whilst checking the concentration of land in largeholdings was a relatively simple process, "establishing a tenure [system] to facilitate smallholder production turned out to be a more difficult task".³⁶ The diverging views of Fenbury and Conroy have been discussed in detail (see Chapter Eight). In 1959, Assistant Secretary of Law C.J. Lynch, visited the Higaturu Land Registration Scheme, accompanied by, amongst others, Fenbury. His report, contrary to the views of Gunther, considered the scheme "very successful", in that, it "was getting economic development where comparatively little was being achieved before".³⁷ If tenure conversion was synonymous with attempts to establish "greater control of clearing, planting, tending and production" then, the Assistant Secretary continued, "whether legal or not", the Higaturu Scheme was a process of conversion.³⁸ Moreover, Lynch attributed this success to the "the fact that the scheme was backed by the local Council". In brief, the Scheme involved an attempt to adapt existing Orokaiva practices regarding the allocation of household usufruct rights so that a de facto form of individual title to *commercial* smallholdings emerged. The aim, as Gunther explained, was to "facilitate the acceptance of individual land holdings".³⁹

For Lynch, the Higaturu Scheme was not legal. However, insofar as it was "clearing the ground and establishing a situation" where the Administration might address the perceived problems of fragmentation and low per capita returns to labour, he suggested that "technical efficiency must frequently be sacrificed for the sake of hard political and social facts".⁴⁰ On the question of legality and indigenous acceptance, Lynch recommended that "it would be necessary to transfer the emphasis in the rule from 'land' to 'trees'". In practice, this meant:

³⁶ MacWilliam, 1988, p.86.

³⁷ Lynch, Land Tenure - Higaturu Council Scheme, 1959: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.3.

³⁸ *ibid.*, pp.3-5.

³⁹ Gunther, Higaturu Land Registration Scheme, 10 August 1961: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU

⁴⁰ Lynch, Land Tenure - Higaturu Council Scheme, 1959: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.7.

that instead of saying, with Higaturu, that Land A belongs to native X, we say that by agreement of the people and by custom no one but native X may plant economic trees on land A, and that unless he does in fact plant these trees this monopoly may be withdrawn by the clan ... [W]hile it does not deal directly with land, it obviously will simplify subsequent direct conversion, since all we will have to do is to confer a title to land A, which is already surveyed, in addition to the title to the trees on that land already held by the proposed owner.⁴¹

For Peter Quinn, Lynch's proposal "took him perhaps further than most officers in appreciating that customary land tenure systems could accommodate the registration of individual ownership rights to the produce from, or trees on, a plot of land the title to which need not be registered".⁴² However, given that possession was to be secured not through tradition, but the production of commodities, the Assistant Secretary's proposal, far from accommodating the 'customary', can be seen as taking the commodification of indigenous tenure to its logical extreme. Indeed, having individualised commercial holdings, the aim was to use such "short term stop gap" measures as "a very strong lever in the direction of the acceptance of full scale tenure conversion", albeit "by the people themselves".⁴³

The extent to which such plans recommended a devolution of tenure control to local government councils, their application was rejected by Hasluck. Thus, in responding to a submission by indigenous Legislative Council member John Guise, which sought such a devolution, Cleland advised that "it is not general policy for native agricultural development to be pursued along the lines suggested, which presumably refers to the process of a lease to a Native Local Government Council and subsequent controlled sub-lease to individuals within the Council area".⁴⁴

In April 1960, Hasluck announced the Administration's plans for tenure reform, the motivation for which was stated, somewhat superficially, as twofold: 1) "it sometimes

⁴¹ *ibid.*, pp.4-5.

⁴² Quinn, 1981, p.179.

⁴³ Lynch, Land Tenure - Higaturu Council Scheme, 1959: Fenbury D.M - Papers, 1947-1972, PMB No.629, ANU, p.8.

⁴⁴ Cleland, Land Problems, 5 February 1960: AA A452/1 60/356; see also Guise, Land Problems, January 1960: AA A452/1 60/356.

happens that a young and energetic man who wishes to plant cocoa cannot obtain access to any land under native custom”; and 2) “the need for extensive resettlement of some peoples who are advancing to a higher standard of living but have little opportunity of sustaining that higher standard of living on poor lands”.⁴⁵ As mentioned, the aim was to introduce a uniform system of land holding providing for secure individual titles. That central Government, or “the Administration working through the Department of Lands and the Registrar of Titles”, was to mediate directly the tenure conversion process was, of course, a predictable corollary of the developmental (i.e. constructivist) intent attached to land policy. Subsequent legislation for giving effect to the desired shift from communal to individual ownership came in the form of the *Land Titles Commission Ordinance 1962*, the *Lands Registration (Communally Owned Land) Ordinance 1962* and the *Land (Tenure Conversion) Ordinance 1963*.

Insofar as individual title to converted land was to be secured against existing usufruct rights, conversion, as Hasluck explained, was conditional “on whether the nature of customary tenure is clearly understood [as distinguished from registration]”.⁴⁶ The *Land Titles Commission Ordinance 1962* established the Land Titles Commission with exclusive jurisdiction to “hear and determine all disputes concerning and claims to the ownership by native custom of, or right by custom to use, any land, water, or reef, including a dispute as to whether any land is or is not native land”.⁴⁷ To use the words of Robin Hide, the Commission’s aims with respect to indigenous agricultural potential were twofold: 1) “to establish a unified tenure system for the whole country”; and 2) “to provide a basis for the development of a more productive agriculture by a) settling extant land disputes, b) creating the means for the settlement of new ones, and c) removing ‘customary’ barriers to individual investment in land”.⁴⁸

The Land Titles Commission made considerable progress in areas, such as the Gazelle Peninsula, where expanded cash cropping coincided with a dense population and hence,

⁴⁵ *Commonwealth Debates*, 7 April 1960, p.1020.

⁴⁶ *ibid.*, p.1020.

⁴⁷ Land Titles Commission Ordinance 1962, *Laws of the Territory of Papua and New Guinea (annotated)*, 1963, p.13.

⁴⁸ Hide, 1973, p.97.

“the boundaries of plots used by individuals, clans or families were well known”. In such cases, “the committees functioned well and were keenly valued by the landowners”.⁴⁹ Conversely, progress was minimal in areas with a dispersed population, unclear boundaries and a comparatively short history of commercial agriculture. For example, in Chimbu (then part of the Eastern Highlands District) the committees were “restricted to concentrating ... on the old administrative problem of land disputes”.⁵⁰ As a secondary consideration to the wider, primary, aim of realising indigenous agricultural potential, the inability of the Lands Title Commission to settle existing land disputes meant that “adjudication in the highlands was bound to grind to a halt”.⁵¹ As Eastern Highlands District Agricultural Officer B.A. Boniwell explained:

it would appear that little has been done to implement the aims of the Land Titles Commission Ordinance 1962 and outstanding disputes over land continually frustrate efforts to promote agricultural economic development. It is essential to have title to land converted from tribal ownership to individual title if development is going to continue in this district ... Other districts are moving at varying rates towards the goal of economic smallholder farming while to the impartial observer this district is stagnating in a confusion of tribal ownership.⁵²

The *Land (Tenure Conversion) Ordinance 1963* provided for “the Conversion of the Tenure of Native Land into Individualised Tenure”. The developmental intent, as stated in the preamble, was clear: “it is generally considered that a most efficacious method of promoting the agricultural development of a country and the economic well-being of its people and especially of its agricultural population lies in the provision of a method whereby guaranteed individual titles to land may be given to the owners”.⁵³ The Ordinance marked the official abandonment of the policy of uniform development. That is, Hasluck’s “liberal respect of property” acted to sharpen the opposition between an emerging class of indigenous capital, abstracted as the ‘progressive individual’ or ‘incipient capitalist’, and village households, by creating space for the conversion of customary tenure into

⁴⁹ Bredmeyer, 1975, p.273; see also MacWilliam, 1988, pp.86-87.

⁵⁰ Hide, 1973, p.97.

⁵¹ *ibid.*

⁵² Boniwell, Development: E.H.D., 12 March 1964: PNGNA a.12 b.16.247 f.1-2-2 Part.2.

⁵³ Land (Tenure Conversion) Ordinance 1963, *Laws of the Territory of Papua and New Guinea (annotated)*, 1964, p.536.

concentrated forms of secure title. To ensure that conversion favoured the individual, and acting as a barrier to fragmentation in landholdings, title to converted land could not be secured by more than six owners.

Despite the space created for concentrated forms of secure title, the “ultimate logic” of tenure conversion was not one of “letting the Kulaks run”, as suggested by Fitzpatrick.⁵⁴ Insofar as conversion was advanced within the broad contours of the agrarian doctrine, Hasluck’s position (and hence, the Administration’s) echoed Marx’s criticism of Proudhon and all “good bourgeoisie”: “they want the impossible, namely the conditions of bourgeois existence without the necessary consequences of those conditions”.⁵⁵ Tenure conversion was posited as an ideal construction of capitalism - namely, ‘capitalism without a proletariat’ - or a system of production in which households retained access to the land under conditions of intensified economic activity. That the “Act’s expressed commitment to the individualisation of tenure was hedged ... almost to extinction”,⁵⁶ was thus as much an attempt to compensate for the negative consequence of capitalist development, as the conversion of customary tenure was an attempt to advance it. Thus, Section 9 of the Ordinance, in seeking to protect household consumption, stated that “the Commission shall not make a conversion order over land which should, in order to meet the need for the production of food for their own consumption by some or all owners of the land, remain native land”.⁵⁷ The point was to deepen, not expropriate, the conditions for household commodity production. For example, signalling the extent to which development doctrine had become a one-sided attempt to deal with the problem of an emerging “urban proletariat”, Morobe District Commissioner H.L.R. Niall, advised:

our aim should be to give each individual native, who so desires, land in his own name under a secure title. Most of the young men are seeking such security, but unless the old systems are changed, this will never be obtained and will create frustration in their minds, tending to a laissez faire attitude, and an urge to leave his own tribal environment and seek employment in the

⁵⁴ Fitzpatrick, 1981, p.124.

⁵⁵ cited in Levin and Neocosmos, 1989, p.239.

⁵⁶ Fitzpatrick, 1981, p.125.

⁵⁷ Land (Tenure Conversion) Ordinance 1963, *Laws of the Territory of Papua and New Guinea (annotated)*, 1964, p.540.

larger towns, and so become the despair of all Colonial Administrations - the detribalised urban native.⁵⁸

Six years later, Economic Adviser A.W. McCasker, made a similar point. Noting that the aim of tenure conversion remained one of “show[ing] up the extent of under-employment in the villages”, he recommended that “adequate resettlement schemes must be ready to take up much of this surplus rural labour or it will drift into the towns, as it is already tending to do, [and] ... create further employment problems”.⁵⁹

Agrarian reform, or intensified household production, implies of course, differentiation - a process which despite official references to the “landless proletariat”, “the displacement and dispossession of natives”, took place outside the conceptual capacity of the colonial state form. As MacWilliam explains: “as long as increases in smallholder production were minimal, the description ‘native landowner’ could conceal both accumulation (of means of production) by the bourgeois-in-formation, and differentiation within the smallholder population”.⁶⁰ Given this inability to grasp the reality of rural change, the Administration’s programme for a single, uniform, system of land tenure was destined to fail.

Initially confined to the Northern District, thirty four conversion programmes were commenced involving at total of 33,566 acres sub-divided into 1,725 smallholdings.⁶¹ In terms of the stated aim of intensifying household commodity production, D. Morawetz’s early research suggests that for the Ombi-Tara (Northern District), “the acreage under cash crops ... increased significantly after conversion”:

before conversion was introduced, 167 cocoa trees, 92 coffee trees and 19 bush rubber trees were planted per adult male at Ombi-Tara. In the fourteen months after the villagers began planting high yielding rubber on converted blocks an average of 304 seedlings was planted per adult male.⁶²

⁵⁸ Niall, Native Land Tenure Conversion, 22 September 1960: AA A452/1 62/8195.

⁵⁹ McCasker, Problems of Rural Productivity in Papua and New Guinea, 1966: RBA PNG-a-80.

⁶⁰ MacWilliam, 1988, p.86.

⁶¹ Bredmeyer, 1975, p.277.

⁶² Morawetz, 1967, p.32.

Facilitating this acceptance of tenure conversion was an existing system of individual usufruct rights in land and an agreement by the landowners to convert one quarter of their total holdings into individually owned blocks under converted title. Outside the Northern District however, applications for tenure conversion were to be dealt with on a singular, *ad hoc* basis, of which there existed limited demand: “eighteen sporadic conversion orders had been made by 1970 and by the end of 1972, 214 applications were pending”.⁶³ Seeking the impossible, that is, accelerating indigenous accumulation without its negative consequences - i.e. landlessness - the wholesale shift to converted, individual title, was restricted by the anomalies within the legislation. As noted, Section 9 provided that the Land Titles Commission shall not make a conversion order over land required for the reproduction of immediate household consumption.⁶⁴ Official distaste for the “landless proletariat” and the corollary, as outlined by Hasluck, that “the established policy of preserving the native rights in land ... will only prove effective if, in practice, the natives live on their land and work it”,⁶⁵ inserted ‘from below’ an extension of the ‘right’ to labour power to include the ‘right’ to property, or the ‘right’ of producers to reproduce their means of subsistence.⁶⁶ For the Northern District the cost per acre for converting customary land into individual title was six dollars. In hedging the potential for individual accumulation against the ‘right’ of households to land for immediate consumption, the potential cost of tenure conversion in areas where access to land was disputed did not warrant the wholesale extension of the scheme. Thus, in 1969 the Department of Agriculture, noting this official ambivalence, questioned whether to “infer that field staff are not to exercise their role as change agents in order to bring about a realisation of the people that ‘customary communal tenure of land is a barrier to the advancement of economic development’”.⁶⁷

Land ownership cannot be separated from the conditions which give it meaning. In the words of Cowen, “it is part and parcel of the right to possess labour power, a right made

⁶³ Bredmeyer, 1975, p.279.

⁶⁴ Land (Tenure Conversion) Ordinance 1963, *Laws of the Territory of Papua and New Guinea (annotated)*, 1964, p.540.

⁶⁵ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

⁶⁶ Cowen, 1981, pp.62-63.

⁶⁷ Land Policy & How it Involves D.A.S.F. Field Staff, 4 July 1969: PNGNA a.12 b.16.372 f.1-1-2 Part.1.

by producers to reproduce their subsistence”.⁶⁸ Insofar as the legislation did not suspend the ‘right’ of labour to occupy land for simple reproduction, attempts to transcend the perceived barriers securing this right were necessarily limited. It followed that further attempts to negate the ‘barrier’ represented by customary tenure came to centre on increasing the flow of money capital to indigenous households. Overseeing this refashioning in the relationship between the late-colonial state and international money capital was the World Bank.

10.3

The World Bank and the Politics of Accelerated Development

As early as December 1960, Hasluck instructed Lambert to consider obtaining the assistance of the International Bank for Reconstruction and Development (World Bank) to “undertake a comprehensive survey of the whole question of Territory development”.⁶⁹ In *A Time for Building*, Hasluck recalled:

after studying the [World Bank] reports on Nigeria and Thailand I had doubts whether we could obtain the services of qualified persons from any other quarter than the World Bank, and in a minute of 13 December 1960 asked Lambert to examine further the prospect of obtaining the help of a mission from the bank. I suggested consultation with the Territory, which had an administrative responsibility for Australian interests in the bank and with the Department of External Affairs and said this should be followed by a submission to Cabinet recommending that the Government request the bank to appoint a mission and setting out the proposed terms of reference.⁷⁰

The World Bank’s report for Thailand dealt largely with the provision of infrastructure for rural development. For Nigeria however, the approach recommended by the Bank centred on “adapting” existing forms of “land ownership associated with the village, clan and tribal system” to “plantation type agriculture” with particular emphasis being given to centralised, or co-operative, processing. Insofar as the report articulated a definite agrarian

⁶⁸ Cowen, 1981, p.63.

⁶⁹ Hasluck to Lambert, 13 December 1960: AA M1776/1 Vol.18.

⁷⁰ Hasluck, 1976, p.303.

bias, albeit one mediated by the flow of money capital to indigenous households, its appeal to Hasluck was instructive.⁷¹

In 1962 the Commonwealth Government invited the World Bank to “undertake a general review of the economic potentialities of the Territory of Papua and New Guinea and to make recommendations to assist the Government of the Commonwealth of Australia in planning a development programme designed to expand and stimulate the economy and thereby raise the standard of living of the people of the Territory”. To this extent, the terms of reference sought from the Mission an assessment of the “resources of the Territory and the factors affecting economic growth”; “the amount of capital, public and private, likely to be available to the Territory over approximately the next five years”; an examination of “the effect of current economic, fiscal and administrative policies ... and make such recommendations as the Mission may consider necessary or desirable to secure the most effective rate and pattern of development”; and to “recommend in broad outline the allocation of resources likely to be available to the Territory for investment”.⁷² The Mission’s report was completed after Hasluck was replaced in December 1963 as Minister for Territories by Barnes (1963-1970).⁷³ Conducted between June and September 1963, the report on *The Economic Development of the Territory of Papua and New Guinea*⁷⁴ was received by the new Minister in November 1964, and approved for general release in 1965.

The central theme of the report was that the Administration’s “effort should be concentrated on areas where prospective returns are highest, e.g. on the bringing into production of good and more accessible land”.⁷⁵ Agriculture was identified as the sector

⁷¹ International Bank for Reconstruction and Development. (1960) *The Economic Development of Nigeria*. Baltimore: Johns Hopkins Press, pp.21 and 28-30; see also, International Bank for Reconstruction and Development. (1959) *A Public Development Program for Thailand*. Baltimore: Johns Hopkins Press

⁷² Department of Territories, Terms of Reference of International Bank Mission Survey of Papua and New Guinea, 1962: AA A1838/1 706/22/8/3 Part.1.

⁷³ In December 1963 Hasluck was appointed Minister of Defence, and four months later Minister of External Affairs.

⁷⁴ International Bank for Reconstruction and Development. (1965) *The Economic Development of the Territory of Papua and New Guinea*. Baltimore: Johns Hopkins Press (hereafter, World Bank, 1965).

⁷⁵ Department of Territories, I.B.R.D. Development Plan for Papua-New Guinea, August 1964: AA A1838/1 706/22/8/3 Part.1.

most likely to yield the best prospects for expanded commodity production. Noting that exports consisted primarily of copra, coffee, cocoa and rubber, the Mission recommended that, “with the exception of coffee, the prospects in international markets for these commodities fully justify a continued expansion of their production”.⁷⁶ Throughout the report numerous references are made to five developmental conditions which were regarded as necessary conditions for the implementation of the Mission’s programme. Summarised for Cabinet, these were listed as follows:

1. The development of a new approach to *land tenure* problems aimed at giving the indigenes greater responsibility for solving their own problems, and including the provision of direct leasing of customary land.
2. *Europeans* must play a continuing role for a number of years in the supply of capital, and of managerial, administrative and technical skills, although this will be on a gradually decreasing scale.
3. Substantial additions must be made to the *Administration* to enable it more effectively to train and educate the indigenes and guide development.
4. *Credit* for development should be provided by the establishment of a *Territory Development Finance Company*.
5. Australia should have effective *developmental planning* for the Territory.⁷⁷

The report’s recommendations were controversial, particularly in relation to the role envisaged for expatriate producers in expanding the economy. For the Mission, there were “very real advantages in having European planters associated with native workers and farmers to provide basic training and to demonstrate modern techniques and the ways of the modern economy”. Effectively reinstating the diffusionist problematic underpinning post-war notions of trusteeship, the corollary was predictable: insofar as European capital was posited in catalytic terms, the Mission recommended that “special efforts must be made to encourage those already in the Territory to stay and to attract others to come”.⁷⁸

That criticism of the report centred primarily on the space created for expatriate capital, was similarly predictable. For example, noting the inevitable move toward self-

⁷⁶ World Bank, 1965, p.33.

⁷⁷ Department of Territories, I.B.R.D. Development Plan for Papua-New Guinea, August 1964: AA A1838/1 706/22/8/3 Part.1 (original italics).

⁷⁸ World Bank, 1965, p.40.

government, Coombs criticised the Mission for failing to specify “how indigenous activity is to be effectively stimulated in parallel with the European kind activity for which they have set down fairly reasonable blueprints”.⁷⁹ The Reserve Bank Governor was not questioning the recommendations as such, but rather their failure to specify an institutional model ‘capable’ of facilitating the diffusion of European skills and capital within a framework of economic trusteeship. He expanded:

My main dissatisfaction with the report, again speaking personally, was the feeling that those who compiled it saw European activity as in a sense a catalyst, something which, if it was given the opportunity, limited opportunity, but effective opportunity, at key points in the economy, could act as a stimulator of parallel activity in the indigenous field. I don't dispute this view - indeed I think it has considerable wisdom - but I feel that they took a little too lightly the assumption that the introduction of this catalyst would, in fact, be followed by results, effective results, in the indigenous field.⁸⁰

The report, in the words of Phillips, was indeed “neo-colonialist [in] flavour”. However, criticism of the type most recently advanced by Mark Turner, namely that the Mission was “ethnocentric”, that it “recommended continued advantages for the whites”,⁸¹ is somewhat superficial. As MacWilliam notes, an alternative reading of the report reveals that “the major premise underlying World Bank advances has been the drive to increase household production of marketed crops”.⁸² In short, the programme’s aim was to maintain household attachment to the land under conditions of intensified economic activity. According to the Mission, “the program aims to move the indigene away from purely subsistence agriculture into the production of commercial crops, *largely on a smallholder basis*, at as fast a rate as the availability of the staff needed to direct and guide the program will permit”.⁸³ The subsequent five-year plan recommended that indigenous plantings of copra, cocoa, rubber, tea and oil palm be extended over some additional 65,000 hectares. Indicating a departure from the Administration’s goal of establishing a uniform system of land tenure, the report suggested that of the 65,000 hectares, 35,000 were to come from

⁷⁹ Coombs, Talk by the Governor at the Goroka Seminar, Council of New Guinea Affairs, 14 April 1965: RBA PNG-a-53.

⁸⁰ *ibid.*

⁸¹ Turner, 1990, p.13.

⁸² MacWilliam, 1992, p.132.

⁸³ World Bank, 1965, p.47 (my italics).

expanding holdings on customary land, 20,000 from new concentrated village holdings and only 13,000 through the extension of formal settlement schemes.

The resulting proposal, “to make maximum practical use of European planters”⁸⁴ reflected not a concession to “white capitalism”, but rather a continuation of the post-war project of accumulation and the policy of tying expatriate capital to state plans for expanded indigenous commodity production, albeit with one important difference. Accelerating indigenous household production, under conditions of declining global commodity prices, exacerbated the inherent conflict between expatriate plantation settlement and the scheme of smallholder production (initially concealed by the post-war boom lasting until the end of the 1950s).⁸⁵ Thus, in a minute dated 17 December 1969, Assistant Director of Research and Surveys A.W. Charles, advised that in developing oil palm and rubber largeholdings “any proposition for a joint venture involving smallholders was likely to get a sympathetic hearing and would probably be more favourably received than a straight plantation proposition”.⁸⁶ This is to say, that changing politico-economic forces, expressed in the move towards self-government, meant that by 1963 the Administration had “come to the end of any practical use of Western owner-managers”.⁸⁷ Although the diffusionist problematic, supported by both the Administration and the World Bank, marked a continuation of the policy of tying money capital to state plans for advancing indigenous commodity production, after 1963 the terms of this attachment were refashioned. That is, the importance given to *capital* as opposed to *occupancy*, found expression in the promotion of estate-plantations as a means of increasing the flows of money capital to the household labour process. As Conroy explained:

The economics of the industry [i.e. rubber] favoured the big-company-style operator. It is a matter of attracting, not just one more expatriate rubber planter, but large investment of a scale that would give a quick boost to export production. Such large scale rapid development, possibly only on

⁸⁴ *ibid.*

⁸⁵ see Timms, 1996, p.240.

⁸⁶ Charles, Visit by Mr. Barlow of Barlow Boustead Estates Agency, 17 December 1969: PNGNA a.1052 s.z b.18.472 f.1-1-17.

⁸⁷ Conroy, cited in Timms, 1996, p.240

expatriate capital and under efficient management, was essential if the Territory was not to be an eternal mendicant.⁸⁸

Two months later, commenting on a proposal by W.R. Carpenter for the development of a nucleus tea estate in the Western Highlands, Conroy further highlighted his department's departure from the previously supported 'owner-manager' model of expatriate settlement:

Land might be leased in strategically located blocks that would be essentially for expatriate development, each to carry and support fully a factory which would also take leaf from smallholder (essentially native) plantations in the area. The capital involved would be such that these blocks would be beyond the means of the usual owner-manager type of expatriate settler.⁸⁹

Supported by the World Bank Mission, the Administration's programme for developing nucleus tea estates was expanded in February 1967 with the signing of a joint agreement between the Colonial Government and Harrisons and Crosfield Ltd. for the purpose of establishing a joint venture nucleus oil palm project. That New Britain Oil Palm Development Ltd., was registered as a joint venture, with equal shares being held by both parties, testifies to the alignment between the late-colonial state and international money capital in mediating the plans for accelerating, or intensifying, household commodity production. In the words of J.R. Longayroux, the agreement:

called for, first, the development of a 3,000 acre nucleus plantation-factory complex with the experienced overseas partner providing technical expertise, selected seed and staff but under joint control of the Harrisons and Crosfield Group and the Administration; secondly, the settlement by the Administration of 500 families of indigenous smallholder farmers who were to plant 4,000 acres of oil palms on land adjacent to the nucleus estate plantation. All harvested fruit was to be processed in the factory into palm oil and kernels for sale in overseas markets.⁹⁰

By 1972 1,560 indigenous smallholders were tied directly to the project, whilst a further 1,600 acres of oil palm had been planted by villagers on neighbouring land held under

⁸⁸ Minutes of the 54th Meeting of the Land Development Board, 6 October 1964: PNGNA a.82 b.136 f.1-1-4 Part.2.

⁸⁹ see Minutes of a Special Meeting of the Land Development Board, 7 January 1964: PNGNA a.82 b.136 f.1-1-4 Part.2.

⁹⁰ Longayroux, 1972, p.3.

customary title. As noted, Harrisons and Crosfield supplied all planting materials, whilst the Administration secured smallholder participation through the provision of credit and extension services. Money capital totalling \$1,870 was advanced as credit to each indigenous settler,⁹¹ the intent of which was clear: to deepen processes already in place for the coercive attachment of money capital to indigenous households. What is exceptional with this refashioning of the scheme of smallholder production, is the direct manner through which the Administration, as a joint shareholder, sought to activate this attachment.

In practice, the World Bank report did not secure any lasting concessions for the expatriate plantation sector,⁹² at least with respect to the owner-manager model 'encouraged' under Hasluck's administration. Rather, as a report primarily concerned with accelerating export crop production, it sought to advance a framework for shifting the terms of indigenous attachment to the land, or the form of labour's subsumption to capital. As Charles explained, in a September 1970 address to the Papua and New Guinea planter associations:

the shape of new plantation development can be expected to follow the pattern already set by the two newest crops, oil palm and tea. That is, nucleus estates bringing large injections of capital into the country, providing processing and marketing facilities for smallholders in addition to their own production, in some cases with direct smallholder equity and/or management participation.⁹³

Included within the Mission's framework for intensifying household cash crop production were the recommendations that the Administration re-direct welfare finance to the 'productive' departments, particularly agricultural extension;⁹⁴ that development be

⁹¹ see Ploeg, 1972, pp.56-57.

⁹² Timms, 1996, pp.235-242

⁹³ cited in *ibid.*, p.254.

⁹⁴ Estimates for financing the development plan envisaged an increase of 3.5% in the share of total expenditure on economic overheads. In turn the share of total expenditure for social services was expected to fall by 3.2% on 1963/64 levels, with the largest falls in health (1.1%) and housing (1.0%); see Department of Territories, I.B.R.D. Development Plan for Papua-New Guinea, August 1964: AA A1838/1 706/22/8/3 Part.1.

financed through substantial increases in Commonwealth aid flows to the Territory;⁹⁵ that the projected increases in indigenous cropping “be organised on a village concentration basis”;⁹⁶ and that developmental credit be extended to indigenous smallholders. Insofar as the programme aimed to “move the indigene away from purely subsistence agriculture into the production of commercial crops, largely on a smallholder basis”,⁹⁷ it sought to negate the right of labour to occupy smallholdings solely for the purpose of simple reproduction.⁹⁸ Central in negating or, more accurately, refashioning this right of occupancy was the provision of state-supervised credit.

10.4

Smallholder Credit and the Development Bank

In a confidential submission to Cabinet, the World Bank’s programme, although comprehensive, was seen as leaving sufficient space should the “Government ... feel obliged, on social and political grounds, to adopt different approaches to the issues under discussion”.⁹⁹ The concern that “critics at home and abroad could find useful material in the report, particularly if taken out of context”, referred of course, to the continuing, albeit refashioned, role envisaged for ‘European’ capital in the Territory. For example, outspoken critic Bernard Schaffer, in a 1965 paper sub-titled the *Sins of the World Bank Team*, asserted rather superficially, that “in almost all cases where the report recommends expansion of production ... the role of the European is to be exclusive or dominant”.¹⁰⁰ However, over-shadowing the potential for such criticism of the Administration’s development programme, was the desire to secure direct access to money capital through the World Bank’s ‘soft-loan’ affiliates. It followed that Barnes, acting on the advice of his

⁹⁵ The report recommended additional spending of £10 million annually for five years. A figure which caused some “dismay” within the Department of Territories; see “‘Dismay’ over NG Review: Report by World Bank”, *The Sun*, 16 July 1964: AA A1838/275 846/1 Part.1.

⁹⁶ As opposed to the costly land settlement schemes favoured by the Administration; see World Bank, 1965, p.98.

⁹⁷ World Bank, 1965, p.47.

⁹⁸ see MacWilliam, 1996, p.89

⁹⁹ Department of Territories, I.B.R.D. Development Plan for Papua-New Guinea, August 1964: AA A1838/1 706/22/8/3 Part.1.

¹⁰⁰ Schaffer, 1965, p.74.

department, endorsed the report as providing a comprehensive five-year plan for accelerated development.

This concern for increasing the flows of money capital had earlier led Hasluck to review the Administration's policy regarding the discouragement of Asian investment. Prior to 1963, applications for capital investment by "foreign [Asian] companies" were rejected on the basis "that the attainment of our policies of advancing native welfare of the people ... may be assisted if industry and commerce are in the hands of people who will not only conform to the law but may be expected to feel some identity with the aims and policies of the Australian Government".¹⁰¹ In total, sixteen applications for Asian investment in fishing, mining, manufacturing and agricultural processing were rejected between 1952 and 1960.¹⁰² However in 1963, recognising that "the report of the recent I.B.R.D. Mission to Papua-New Guinea is likely to stress the need for considerably increased investment",¹⁰³ particularly in agriculture, Hasluck proposed a review of official policy. Conceding that "at present the main source of funds for investment comes from Commonwealth grants and only a relatively small proposition of that goes into economic development in the strict sense", the revised policy sought to increase the flow of money capital for the latter, whilst protecting the Administration's supervisory position over the conditions of household commodity production. Thus, Hasluck recommended that "the most welcome form of investment would be joint enterprise between Asian Capital and Administration Capital, with the Administration holding 51%".¹⁰⁴

Joint ventures between the Administration and international capital were viewed by Hasluck as a short-term solution to increasing the flow of money capital to the Territory. The long-term approach favoured by the Minister was the creation of "some separate statutory authority, with capital of its own, whose purpose would be to promote investment ... in desirable fields". Insofar as such a statutory agency would be required in legislation

¹⁰¹ Hasluck, Restrictions on Share Holdings in Companies, 16 November 1960: AA A1838/2 846/2 Part.1.

¹⁰² Hasluck, Asian Participation in Commercial Enterprises in Papua and New Guinea, 19 July 1963: AA A1838/1 936/29 Part.1.

¹⁰³ Hasluck, Foreign Capital Investment in Papua - New Guinea, September 1963: AA A1838/1 936/29 Part.1.

¹⁰⁴ *ibid.*

to “protect the interests of the indigenes”, an additional advantage Hasluck submitted, was that “it could be a means of encouraging private investment from Australia in a way which would leave us less open to charges of economic exploitation”.¹⁰⁵ In February 1973, the Investment Corporation of Papua New Guinea was established for the purpose of “promot[ing] arrangements to secure a significant share of local ownership in major business ventures”.¹⁰⁶ As an avenue for indigenous accumulation, the activities of the Investment Corporation are beyond the remits of the present thesis. Rather, what the following discussion highlights, is that having previously checked the spontaneous movement of capital into smallholder agriculture, Hasluck’s proposal for a new alignment between the state and international capital deepened rather than negated the Administration’s exclusive position in determining the imposition of work on indigenous households. Exemplifying this expanded capacity was the establishment in 1967 of the Papua and New Guinea Development Bank.

Estimating a total credit requirement of £9 million for the implementation of its agricultural programme, the World Bank Mission recommended the establishment of a Territory Development Finance Company.¹⁰⁷ Critical of conventional banking practices in the Territory, the problem, to reiterate an earlier quote, was that:

the trading banks ... are not organised or orientated to implementing an aggressive policy of development financing. They have a commercial banking outlook which is in keeping with their responsibilities. They require security of land with recorded individual title, charge interest rates in line with those prevailing in Australia and finance only a relatively modest share of the total cost of new projects; also their period of lending is too limited. In general, they attempt to apply to the Territory the policies adapted for Australia.¹⁰⁸

¹⁰⁵ *ibid.* In June 1963, the Soviet Union’s representative on the Trusteeship Council claimed that “the cow [i.e. New Guinea] is being fed not because of the cow but because of the milk she gives”. The representative asked, “should we praise them for building roads”? Adding that roads were being built “only to serve the purpose of capitalist monopolies in taking produce out of the country”; see, Australian New Guinea - A.B.C. News, 19 June 1963: AA A1838/275 646/1 Part.1.

¹⁰⁶ Peacock, Opening of the First Meeting of the Board of the Investment Corporation of Papua New Guinea, 15 February 1973: ANU Archives q.22 b.21 f.2.

¹⁰⁷ World Bank, 1965, p.380.

¹⁰⁸ *ibid.*, p.379.

Accordingly the proposed institution was to “provide credit for the development program in amounts and on terms and conditions which meet the requirements of the Territory”.¹⁰⁹ The Mission’s recommendation was translated into practice through the *Papua and New Guinea Development Bank Ordinance 1965*, and in July 1967 the Bank commenced operations.¹¹⁰

In a statement to the House, Barnes introduced the Ordinance establishing the new institution, as a “local Papua and New Guinea one, financed through the Territory’s budget and designed to serve the productive development of all sectors of the Territory’s economy”.¹¹¹ Set up with an initial appropriation of £1 million (with supplementary grants totalling £4.5 million for the period to 1971), “one of the key functions”, the Minister continued, “will be the provision of small scale loans to indigenous agriculturists and business enterprises”. To this extent, “the institution will provide credit on terms and conditions suited to the territory’s economic situation and in determining whether or not finance will be provided, it will have regard primarily to the prospects of success of a proposed business venture and will not necessarily have regard to the value of the security available”.¹¹² In keeping with its statutory monopoly over the terms for mediating the attachment of money capital to indigenous households, the legislation provided for the issuing of debentures, the capital from which was to be on-lent under the exclusive direction of the Bank.

Listed in Table 10.1 below is the total amount of money capital secured as agricultural credit by both indigenous and expatriate producers for the period 1967/68 to 1970/71.

¹⁰⁹ *ibid.*, p.381.

¹¹⁰ Crellin, 1972, p.508.

¹¹¹ Papua and New Guinea - Proposed Form of Credit Institution for the Territory (Statement in the House of Representative by the Minister for Territories, the Hon. C.E. Barnes), 31 August 1965: RBA PNG-a-55.

¹¹² *ibid.*

Table 10.1: Total Agricultural Credit Advanced to Indigenous and Expatriate Producers for the Period 1967/68 to 1970/71 (\$).

<i>Year</i>	<i>Indigenous</i>		<i>Expatriate</i>	
	<i>Total Credit</i>	<i>No. of Loans</i>	<i>Total Credit</i>	<i>No. of Loans</i>
<i>1967/68</i>	<i>640,400</i>	<i>394</i>	<i>244,000</i>	<i>14</i>
<i>1968/69</i>	<i>719,400</i>	<i>468</i>	<i>1,900,00</i>	<i>43</i>
<i>1969/70</i>	<i>1,262,400</i>	<i>904</i>	<i>975,400</i>	<i>80</i>
<i>1970/71</i>	<i>1,438,700</i>	<i>1,229</i>	<i>615,000</i>	<i>35</i>

Source: Bank Rural Lending - Breakdown 1967/68 - 1970/71, 7 October 1971: PNGNA a.1054 b.18494 fz.1-4-193 Part.1.

In the words of board member Sir John Crawford, “the Bank’s charter put emphasis on indigenous lending and therefore, because of limited funds, the Bank must have priorities, and must lean towards indigenous lending”.¹¹³ However, from the figures quoted above two trends are observable. Firstly, in terms of the total amount of credit advanced, the bias suggested by Crawford is not apparent until 1970/71. Secondly, the distinction between indigenous and expatriate producers is a false one. The fact that expatriate producers received in credit an average of \$22,845 (over the four year period), compared to the \$1,432 received by indigenous households, was a reflection not of their ethnicity, but rather their status as capital. Put otherwise, the struggle on the right of Table 10.1 was between expatriate capital and an emerging indigenous bourgeoisie who, as of 1970/71, had yet to challenge the position of former.¹¹⁴ The conflict, as summarised in the distinction between indigenous and expatriate producers, was between two forms of production, that is, between small and largeholders. That the former received (on average) loans totalling \$1,432, was indicative of the two forms of money capital superintended through the Bank, and the determination by the Administration to pre-empt accumulation in smallholder agriculture through the employment of wage labour.

¹¹³ Crawford, Bank Lending Policy, 18 November 1970: PNGNA a.1054 b.18.494 fz.1-4-193 Part.1.

¹¹⁴ see MacWilliam, 1986, pp.166-170.

It was not until 1975 that the Bank, under the illusion of facilitating a shift “in ownership of productive assets from foreigners to Papua and New Guineans”,¹¹⁵ created space for indigenous accumulation through the provision of capital for the purchase of expatriate production and marketing concerns. However, until this point, the principal flow of capital was of international origin and directed, at least in policy, to smallholder agriculture, as illustrated in the planned extension of \$US 6.5 to indigenous households through the nucleus estate projects.¹¹⁶

Initial interest charged for loans under \$3,000, “almost wholly indigenes”, was set at 5¼% for non-settlement households and 6% for “smallholders on the oil palm scheme”.¹¹⁷ Given that the interest rates charged for small loans was 3% below that charged by trading banks, notions of supplementation or, as the Minister put it, augmenting “existing credit facilities”,¹¹⁸ were superficial. As an internal review of interest rate policy noted, “this present margin [3%] effectively makes the Bank a prime, rather than a last resort lender”. Indeed, “with its present interest rate structure, the Bank is pricing the trading banks out of the field of small indigenous loans”.¹¹⁹

Whilst suggesting that the Bank’s monopoly of small loans to indigenous producers had “unsatisfactory long term implications”, in the short term it had a distinct advantage: the principle difference between money capital superintended through the Development Bank and credit advanced by trading banks, related primarily to the level of supervision entailed in the former. As Conroy explained: “the Development Bank provides what is known as supervised credit (as compared to unsupervised, or conventional bank finance), hence close investigation of the technical aspects is necessary before approval is given for

¹¹⁵ Papua New Guinea Development Bank, *Annual Reports and Financial Statements 1975-76*. Port Moresby.

¹¹⁶ Preparations of Submissions for Agricultural Credit from International Finance Institutions, 3 August 1971: PNGNA a.1054 b.18.494 fz.1-4-193 Part.1; see also MacWilliam, 1992, p.132.

¹¹⁷ Review of Interest Rates, May 1970: PNGNA a.1054 b.18.4721 fz.1-1-8 Part.3.

¹¹⁸ Papua and New Guinea - Proposed Form of Credit Institution for the Territory (Statement in the House of Representative by the Minister for Territories, the Hon. C.E. Barnes), 31 August 1965: RBA PNG-a-55.

¹¹⁹ Review of Interest Rates, May 1970: PNGNA a.1054 b.18.4721 fz.1-1-8 Part.3.

expenditure”.¹²⁰ It followed that the provision of credit was not envisaged simply as a means to intensify household labour, but more importantly it represented a form of supervision through which this intensification could be administered. The primary immediate agency for strengthening the supervisory capacity of state-sponsored credit was the Department of Agriculture, Stock and Fisheries.

As a means of strengthening the administering capacity of trusteeship, the link between credit and agricultural extension was explicit. According to a Reserve Bank paper, supervision “can only be done effectively by ensuring that agricultural credit is closely linked with extension services to *ensure* that the credit which is made available will be used for *developmental purposes*”.¹²¹ Insofar as credit enunciated a definite developmental intent, its object was to negate household ‘under-employment’ thereby increasing per capita returns to labour and the proportion of increased output secured as surplus value for creditors (i.e. the state). Implicit was the assumption that customary obligations negated the ability to save and hence, debt servicing, secured through increased productivity, represented a form of saving. “But there is one important difference and that is that the borrower by opting for the loan has superimposed on himself a *forced saving*”. Expanding, the circular memorandum added:

Clearly, wealth acquisition comes faster through forced saving than by casual saving. This is because of the disciplines imposed by forced savings just as much as from the added income that accrues from the asset acquisition itself. So, if the aim is to provide a man with economic wealth as quickly as possible, in our minds the course to follow in an underdeveloped country approaching independence, then the man should be persuaded to undertake forced saving, i.e. loan obligation, and stick to the programme.¹²²

The point, according to the circular, was that “many of our borrowers, particularly the coffee and coconut growers, have a potential of income from existing plantings not fully realised”. Pointing to the periodic rise in indigenous production figures when “council tax

¹²⁰ Conroy, Development Bank Activities - Loan Purposes, 22 November 1968: PNGNA a.1054 b.18.471 fz.1-1-13 Part.2.

¹²¹ see Papua and New Guinea - Committee Appointed to Study Possible Use of Intermediaries by Development Bank, 1965 (?): PNGNA a.1054 b.18.471 fz.1-3-13 Part.1 (my italics).

¹²² Circular to Agent Officers, 23 April 1971: PNGNA a.1054 b.18.478 fz.1-1-40(z) (original italics).

is due”, logic inferred that “if a bank loan repayment obligation can induce a borrower to exploit his present capacity, then it has added to his wealth”.¹²³

As a means of intensifying household land and labour effort, the Bank operated a “4½ Times Rule”. This meant that if an applicant’s household had established and maintained a certain acreage of tree crops, the Bank would advance capital as finance for extending the area under cash crops a further 4½ times that already established. For example, “if an applicant has, from his own efforts and savings, established on land, to which he has usage rights, 2 acres of healthy, well maintained tree crops (cocoa, coconuts etc.,) the Bank will advance him an amount sufficient to advance another 9 acres”.¹²⁴ Importantly, in applying this rule, “due allowance is first made for the labour contribution to be provided by the applicant himself” as unpaid household labour. Whilst finance for the employment of wage labour was given to applicants who had “proved” themselves with an earlier loan and who were “moving into larger scale development”, the Bank, in reflecting the official distaste for proletarianisation, did “not encourage the inclusion of labour components in requests for finance”.¹²⁵

The policy, recommended by the World Bank Mission, of capital concentration in areas most likely to secure the highest return, meant that of the \$9,320,607 superintended through the Development Bank for the period 6 July 1967 to 30 June 1969, \$8,297,819, or 89%, was concentrated in six of the Territory’s eighteen districts: Central (\$2,227,382), Eastern Highlands (\$732,523), East New Britain (\$886,406), Morobe (\$1,271,135), Western Highlands (\$885,552) and West New Britain (\$2,294,821).¹²⁶ It follows that in districts, such as the undeveloped Southern Highlands (which secured only \$1,750 in

¹²³ *ibid.*

¹²⁴ Circular to all Agent Officers, 28 July 1969: PNGNA a.1054 b.18.471 fz.1-1-3 Part.2.

¹²⁵ *ibid.* Importantly, evidence suggests that whilst provision was made for the employment of wage labour, it was not readily exercised by the Bank. Reflecting the political content implicit in state forms of supervision, a 1973 (i.e. self-government) report of the Economic Development Committee stated that “many people complained that the Development Bank would not give finance to indigenous borrowers to enable them to employ labour. Our investigations indicate that this is normal, although not rigid, policy and we are concerned that it is not an equitable policy for indigenous borrowers” - i.e. capital; see Papua New Guinea House of Assembly - Economic Development Committee, Report No.4, 12 March 1973: PNGNA a.12 b.19.300 f.1-19-14.

¹²⁶ Circular to all Agent Officers, 28 July 1969: PNGNA a.1054 b.18.471 fz.1-1-3 Part.2. Note, the figures do not distinguish between loans to indigenes and the credit advanced to non-indigenes, nor between various sectors - i.e. agriculture, commercial and industrial.

agricultural credit) land held under customary title was effectively secured as a site for simple reproduction, or as an indigenous labour reserve. Conversely, the policy of capital concentration in areas such as West New Britain, represented an attempt to reform the terms of household occupation - it signalled an end to the 'right' of labour to occupy smallholdings for simple reproduction.¹²⁷

Of the 65,000 hectares suggested by the World Bank Mission as an appropriate target for indigenous cash crop expansion, 55,000 hectares was on village landholdings. As a result, the Administration's policy prior to 1963 of accepting only lease-hold title as security for credit, was necessarily broadened to include customary forms of land tenure.¹²⁸ In areas where the flow of money capital was concentrated, the Bank developed the 'Clan Land Usage Agreement' as the principle mechanism for deepening the commodification of customary landholdings. With "little or no force at law", the 'Clan Land Usage Agreement' involved a contract, "signed by the clan leaders, which purports to give the borrower the right to use the land for a least the term of the loan". Importantly, in terms of the over-riding objective of increasing the area of land under cash crops, security for such loans consisted "of a guarantee by two others of the clan who we hope would be willing, in the event of a default by the borrower, to ensure that the project will be continued to enable the development to be completed and the Bank's loan repaid".¹²⁹

The 'Clan Land Usage Agreements' were never intended as a substitute for individual title. Rather, in the words of Director K.G. Crellin, the Bank was "cognisant of the fact that the procedures involved in obtaining legal title are rather protracted and would hinder development unless it becomes possible to rationalise tenure relatively more readily". The point being, that "the borrower could use the imposition of a limit [to lending on clan land] as a lever to obtain legalised tenure of his land, which we hope he would do".¹³⁰ The issue of land tenure aside, the principle objective in attaching money capital, in the form of credit, to indigenous households, related to the administered imposition of work. Implicit in

¹²⁷ MacWilliam, 1988, p.89.

¹²⁸ World Bank, 1965, p.383.

¹²⁹ Crellin, Lending for Development on Clan Land, 7 October 1970: PNGNA a.1054 b.18.471 fz.1-1-13 Part.3.

¹³⁰ *ibid.*

the policy of discouraging the employment of wage labour was, as noted, that smallholdings be “work[ed] as families” under conditions of intensified economic activity. Underpinning, or introducing an element of coercion for securing this intensification, was the fact that “every loan, even the smallest, has a Farm Development Plan, periodic review reports by the Rural Development Officer, and in an increasing number of instances, a production and repayments performance record”.¹³¹ The result, that agricultural extension became increasingly associated with the direct administration of developmental credit, was predictable.¹³²

The claim by Fitzpatrick, that the Bank advanced credit “to the few rather than the many, the wealthy rather than the poor, the individual rather than the group and, to a significant degree, to the literate and formally educated”, in short, directing “almost exclusive attention to the ventures of a wealthy few”,¹³³ needs to be treated with caution. This is not to suggest that the Bank did not support demands for indigenous accumulation. Rather, as a form of state supervision and hence, subordinate to direct “political outcomes”,¹³⁴ the Bank’s lending practices were subject to the prevailing conflict between village households and an embryonic class of indigenous capital, and between local and international capitals. Insofar as both domains of conflict implied the subsumption of labour to capital, the first as smallholders subjugated to international capital and the second as hired wage labour for expanded, individual accumulation, the extension of the former existed as a barrier to the latter. In contrast to the argument advanced by Fitzpatrick, evidence suggests that it was primarily the first form of subsumption secured through the Development Bank.

In 1971 declining commodity prices, increases to rural wages and uncertainty as to the consequences of independence, meant in the words of the Bank’s Policy Liaison Group, that “many large estates are simply being ‘run into the ground’, with little expenditure on maintenance and improvements”. In light of demands for increased indigenous

¹³¹ Preparations of Submissions for Agricultural Credit from International Finance Institutions, 3 August 1971: PNGNA a.1054 b.18.494 fz.1-4-193 Part.1.

¹³² Fitzpatrick, 1981, p.113.

¹³³ *ibid.*, pp.114, 113.

¹³⁴ see MacWilliam, 1992, p.132.

participation in the plantation sector, the Policy Group recommended “a more positive policy (both from the Administration and the Bank) as regards the buying up of plantations and their transfer to indigenous ownership”.¹³⁵ As a consequence, in 1973/74 the charter of the Bank was amended to enable the extension of credit to “Papua New Guineans wishing to buy businesses previously owned by expatriates”.¹³⁶ However, whilst creating space for indigenous capital to enter into the plantation sector, it was a policy of default: the same global conditions underpinning expatriate ‘dis-investment’ acted to restrict the avenues for indigenous accumulation to plantations already in existence, thereby consolidating, as opposed to negating, the post-war ascendancy of household production.

To expand: responding to the Policy Liaison Group’s concern over ‘dis-investment’ in the expatriate plantation sector, McCasker is reported as advising:

that administration policy remained one of encouraging expatriate investment in agriculture, however, more encouragement would be given to larger scale investment by corporations that would involve associated indigenous participation. He said that it is not really Administration policy to encourage smaller scale plantation investment, except in certain areas, e.g. Southern Highlands.¹³⁷

Implicit in the policy of expanding smallholder production through nucleus estates was the erection of “a barrier to small private capitalists, whether settler or indigenous”.¹³⁸ That is, the negation of the right to occupy smallholdings for simple reproduction was secured *vis-à-vis* the nucleus estate in which household subsumption to an international circuit of capital precluded landlessness and hence, the concentration of rural labour in the immediate place of production - i.e. the ‘traditional’ plantation. The New Britain Oil Palm Development Scheme has already been discussed. In 1970 the Administration sought a further \$US 5.0 million from the International Development Association “for coconuts, cattle and oil palm development”, of which \$US 2.3 million was to be extended to

¹³⁵ Development Bank Administration Policy Liaison Group (DBAPL), *The Expatriate Plantation Industry in the Territory*, 15 February 1971: PNGNA a.1054 b.18.494 fz.1-4-193 Part.1.

¹³⁶ Papua New Guinea Development Bank, *Annual Reports and Financial Statements 1973-75*, p.6; see also MacWilliam, 1986, p.169.

¹³⁷ Development Bank Administration Policy Liaison Group (DBAPL), *The Expatriate Plantation Industry in the Territory*, 15 February 1971: PNGNA a.1054 b.18.494 fz.1-4-193 Part.1.

¹³⁸ MacWilliam, 1986, p.161.

smallholders through the Development Bank.¹³⁹ Justifying this programme for superintending money capital direct to indigenous smallholders, a report on 'Credit From International Finance Institutions' stated that:

the Administration has some 55,000 acres on the north coast of New Britain in the Kapiura, Bialla and Bakaada-Soi-Navo areas. The Administration currently has two proposals for the development of oil palm schemes similar to the Hoskins project, and has been approached by another company in relation to the possible development of a large scale cocoa/coconut/oil palm project in these areas. While discussions with these firms are still in an early stage, it is anticipated that they will proceed, *and that they will be associated with major smallholder development*. It will be necessary for the Administration to secure international credit of the order of \$2.5 - 3m. dollars for each separate project.¹⁴⁰

The attachment of international capital to indigenous households was similarly identified as a requisite condition for projects as diverse as expanding smallholder production of domestic food crops in the Highlands and Bougainville, in-shore fishery development, the development of a smallholder rice industry in the Sepik District and the "lending to other smallholder production projects such as that of the Wahgi Valley area, e.g. peanuts". In this sense, the model of smallholder subsumption secured through the Oil Palm Scheme, was seen as "provid[ing] a fully workable plan of action [for] ... introducing projects at a village level".¹⁴¹ Subsequent antagonism directed at the alignment between international capital and the late-colonial state, reflected not a conflict between the former and 'the people', but rather opposition by indigenous capital to the fetters placed on accumulation in smallholder agriculture.

The extent to which the Administration's control of the movement of capital through the Development Bank created space for individual indigenous accumulation, reflected more the contested ground in which the Bank was situated, as opposed to any conscious

¹³⁹ Preparations of Submissions for Agricultural Credit from International Finance Institutions, 3 August 1971: PNGNA a.1054 b.18.494 fz.1-4-193 Part.1.

¹⁴⁰ Credit From International Finance Institutions, 2 August 1971: PNGNA a.1054 b.18.494 fz.1-4-193 Part.1 (my italics).

¹⁴¹ Discussion with Senior Representatives of the Dept. of Agriculture, Stock and Fisheries and the Board Members of P.N.G. Development Bank, 21 May 1970: PNGNA a.1054 b.18.471 fz.1-1-13.

departure from the post-war scheme of advancing smallholder development. Insofar as the aim was to negate the independence of indigenous households with respect to the disposition of land and labour effort, the oil palm schemes represented the epitome of the agrarian doctrine, in that, expanded commodity production was secured under conditions which precluded landlessness. Indeed, it was this implicit resistance to proletarianisation which underpinned the motivation for expanding this model to village production more generally or, more accurately, to village production in the areas identified as responding to concentrated effort.

10.5

Conclusion

The question of land tenure, and its use by Hasluck to reassert central government control over the imposition of work on indigenous smallholders, effectively centralised the Administration's plans for accelerated development as a process subordinate to direct supervision by the late-colonial state. Whilst the World Bank Mission criticised the Administration for its "benevolent paternalism", trusteeship or "the moulding of the indigene",¹⁴² remained a 'legitimate' object of development. The assumption, as mentioned, was that labour effort remained fixed in land or, as the Mission put it, "the social institution which affects the organisation of production most profoundly is land tenure".¹⁴³ However, in departing from the Administration's position, the Mission recommended that "there is a growing volume of evidence that the indigenes are making progress in arranging with their villages and clans for the continuing use of land upon which perennial tree crops can be planted".¹⁴⁴ To this extent, intensifying indigenous production, or the removal of the perceived barriers to the realisation of household labour effort, came to centre on the provision of credit and more particularly, a flexible approach with regard to security. The Development Bank merely shifted the terms of exercising state trusteeship from tenure reform to the provision of credit. The object of development remained the imposition of work on indigenous households and in particular, the negation of the right of smallholders

¹⁴² World Bank, 1965, p.31

¹⁴³ *ibid.*, p.38.

¹⁴⁴ *ibid.*, p.39.

to occupy land for the purpose of simple reproduction. Specifically, notions of post-war economic ‘partnership’ between expatriate ‘owner-operators’ and indigenous smallholders were refashioned and intensified under a more explicit conception of a ‘partnership’ “between government and business, and especially international money capital and smallholders”.¹⁴⁵ As Lambert’s replacement G. Warwick-Smith (1964-1970) explained:

it [the Development Bank] would be set up under an Ordinance from the House of Assembly and it would be desirable to dissociate the establishment of the bank from the Banking Act, but we see the proposed bank as *predominantly a government controlled and government capitalised body...* [I]t would be desirable to have provision for some private capital and also for contribution of international capital. *We do not see the possibility of equity capital as being a source of funds as we would not want people to have any say in the control of the bank.*¹⁴⁶

Insofar as plans for accelerated development were to be superintended through the attachment of international money capital to indigenous households, the intent remained one of securing the state’s monopoly over administering the terms of this attachment.

The programme for accelerated indigenous development brought to the surface what was implicitly contained within the scheme of smallholder production from the outset: the intent to develop a ‘community’ of commodity producing smallholders. The shift to accelerated development implied not a rejection of the agrarian intent informing state practice, but rather stripped of its ideological recourse to the ‘customary’, the ‘positive’ side of trusteeship was made explicit: state administration of a ‘community’ of smallholders, attached to the land and subordinate to an international layer of capital.

¹⁴⁵ Timms, 1996, p.261.

¹⁴⁶ Proposals for Development Bank - Papua and New Guinea - Comments of Discussion, 29 July 1965: PNGNA a.1054 b.18.471 fz.1-1-13 Part.1(my italics).

Chapter Eleven

Post-War Colonialism and Papua New Guinea: Conclusion

11.1

Introduction

Suggestions, most recently by Connell, that post-war Australian imperialism in Papua New Guinea was devoid of a unifying intent, that it “favoured *laissez-faire* policies rather than planning”,¹ do not accord to the evidence now open to public scrutiny. In 1951 Hasluck asked his department the fundamental question of why Australia should seek to develop its colonial Territory. The department’s response was threefold: “Australia’s security; the development of the natural resources of the Territory; and the advancement of its native inhabitants”.² Ideas as to how to reconcile these objectives were in place as early as 1943. In April that year, Forsyth warned that “it is necessary ... to satisfy public opinion in China, India, the United States and elsewhere in regard to Imperialism and the future of the colonies”.³ Insofar as the real poverty of the colonies in general was posited through the United States as a subject of international concern, Forsyth was conscious of the fact that the Australian national interest was “incompatible with the reversion to a colonial system which would be on the one hand a standing challenge to non-colonial powers ... and on the other an affront to the colonial peoples”.⁴ Thus, reconciling economic development and the provision of indigenous welfare was presented from the outset as antithetical to past forms of colonial development or, as Cowen and Shenton put it, “an intention which failed to realise what was deemed to be the value of community”.⁵ To this

¹ Connell, 1997, p.20.

² cited in Denoon, 1985, p.126.

³ Forsyth, Departmental View on Australian Interests in the Colonial Question, 15 April 1943: AA A989 43/735/1021.

⁴ Memorandum by Forsyth, 7 April 1943: AA A989 43/735/1021.

⁵ Cowen and Shenton, 1996, p.57.

extent, the inter-war largeholding sector and the system of indentured labour on which it was premised, was “doomed from the beginning”: “the development by Europeans with native labour”, Forsyth advised, “is not practicable to any extent, and ... it is not in the native interest”.⁶

As a 1950 memorandum explained: “welfare and development are not opposed, but [are] complementary conceptions”. It followed that the “basic problem” of exercising trusteeship over Papua New Guinea related to “reconciling the demands of development and welfare and establishing a tempo for [the] development of resources which will benefit [the] inhabitants of [the] territories in the long run and bring no social injury to them”.⁷ Social injury, in this sense, referred to what was deemed the negative consequences of past processes of colonial capitalism - the dissolution of indigenous ‘community’, as defined by the colonial trustee. As the agenda prepared for the December 1944 meeting of the Ministerial Sub-Committee on Australian Territories explained: “before the Japanese invasion it was becoming apparent that the development of the territories was setting up such a demand for native labour as to impose serious restrictions on native social life”. Counterpoising the resumption of development along the same lines with “developing a native peasant economy”, it was stated that “the latter form of development is more consonant with long-term native welfare than the permanent relegation of the native population to the status of wage labourers for European enterprises”.⁸

Insofar as the fluidity of the ‘new’ was posited from the standpoint of its negative consequence, namely the emergence of a landless proletariat, then the ‘old’ by definition was abstracted in terms of the stability of “the village” and the continued attachment of indigenous households to the land. As an influential joint missionary Submission dated 7 February 1944, stated:

⁶ Forsyth, Notes on the Rehabilitation and Reconstruction of New Guinea, Papua and Nauru, 10 November 1943: AA CP637/1 44.

⁷ Pyman, Notes on Memorandum Entitled “Conditions in Papua and New Guinea”, undated: AA A1838/283 301/1.

⁸ Ministerial Sub-Committee on Australian Territories, Notes on Agenda for Meeting on Wednesday 6th December 1944: AA A989/1 44/735/144/6.

Our present urgent need of tropical products may justify emergency measures being taken just now to obtain and use native labour; but once the war is over and this urgent need passes if we are sincere our paramount concern will transfer to the welfare and progress of the native peoples for whom we shall be trustees. Their rights and interests will then dictate their return to their home districts to re-establish their deserted or destroyed villages, to rebuild their houses and replace their gardens. Our part will surely be to help them to be *progressive villagers and, while disturbing as little as possible the social structure of their lives, to teach them to develop their lands and their interests to the best advantage.*⁹

Attaching the label 'detrribalisation' to the processes which the system of indentured labour was seen to epitomise, post-war 'development' was invoked as a medium for ameliorating social and economic conditions in the Territory. Just as "Britain turned development doctrine to mitigate what was considered the corruption produced by past periods of development, which undermined the British idea of African community",¹⁰ post-war Australian colonial policy invoked "the village" as the legitimate domain of indigenous 'community' and hence, of development itself. As anthropologists, Hogbin and Wedgwood wrote in 1943: "the prime necessity is to educate them [indigenous Papua New Guineans] for their own concrete development as a community, in their own particular environment".¹¹ Defining the elements of this environment, the anthropologists declared that it was an "inescapable fact ... that no matter what new elements are added to the old culture, the natives must live a rural life and continue to satisfy their basic needs by tilling the soil".¹²

Despite reactionary claims to the contrary, for Murray the intent was not "to lock up all Australian New Guinea as a 'native reserve', to make it an anthropological museum".¹³ Rather, insofar as prior forms of developmental intent were perceived as rendering "much of the old order to attenuation and extinction", the choice, according to the Administrator, "now lies ... between inaction and development - that development must be directed upon

⁹ Natives of Papua and New Guinea - Representations by Missionary Bodies, 7 February 1944: AA A518/1 C213/3/2 (my italics).

¹⁰ Grischow, 1998, p.141.

¹¹ Hogbin and Wedgwood, 1943, p.27.

¹² *ibid.*, p.28.

¹³ Osmar White, 'Policy of Realism for New Guinea', *Sydney Morning Herald*, 15 July 1952: AA A1838/283 301/1.

lines calculated to produce greatest human happiness”.¹⁴ The latter, or subjective content, did not of course, drop from the sky. Rather, critical of the “largely negative and formal character” of inter-war ‘native policy’, for Murray, “a positive content” was required.¹⁵ “Human happiness”, or indigenous welfare, was thus to be mediated through a scheme of household production: “in native agriculture, native society and communal life are not disrupted, men and women, to some extent children, share in such production on their home territory, whereas present European enterprise largely leads to male migration”.¹⁶

The appointment of Hasluck as Minister for Territories strengthened rather than weakened the Administration’s commitment to the agrarian doctrine. Mid-century Australian Liberalism, as spokesperson F.W. Eggleston pointed out, rejected the doctrine of *laissez-faire* for a framework which invoked the need to develop “positive efforts for social justice or to eliminate poverty or other evils which depress the potentialities of citizens”.¹⁷ Insofar as the agrarian doctrine represented a programme for realising the perceived potentialities of indigenous households, its affinity with liberalism, in particular the search for an “ideal construction of capitalism”, was explicit. For Hasluck, “the special concern of the Government” related to “the risk of building up a ‘landless proletariat’”.¹⁸ The identification of this “risk” however, did not represent a fear of class organisation. Rather, the fear was a deeper one, namely the breakdown of indigenous community and the recombination of individuals as a “landless proletariat” detached from “their social anchorage in the village”.¹⁹ Government policy therefore, stated that it was better “to maintain the old-established policy of preserving, as far as possible and for as long as possible the association of the people with their villages”.²⁰ Insofar as “the village” was abstracted as the vehicle for realising the potentialities of indigenous households, the

¹⁴ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

¹⁵ Murray, 1949, p.15.

¹⁶ Murray, Memorandum on the Policy of the Administration, 8 September 1947: AA A1838/283 301/1.

¹⁷ Eggleston, 1953, p.4; and MacWilliam, 1997, p.98.

¹⁸ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.9.

¹⁹ Hasluck, Australian Policy in Papua and New Guinea, 1956: PNGNA a.12 b.16.664 f.9-1-1 Part.2.

²⁰ Hasluck, ‘Foreign’ Natives in Towns, 22 February 1960: AA M1776/1 Vol.17.

Administration's opposition to proletarianisation was given in its antithetical relationship to "those elements which give coherence to native society".²¹

Approaches to Papua New Guinea history which fail to give adequate attention to the material content of development practice, that is, its definition by way of antithesis to past processes of primary capitalist accumulation (i.e. proletarianisation), ignore or misrepresent the qualities of state power which secured smallholder production as the principle form of labour's subsumption to capital. The agrarian doctrine, as unfolded in late-colonial Papua New Guinea, was underpinned by a policy directed at locking-up the indigenous population in the countryside for the purposes of renewing the agrarian conditions of development.²² The intent was to fix labour effort in land, thereby creating space for the colonial state to mediate the form of labour's subsumption to capital. In this sense, the present thesis derives its 'originality', or historiographic scholarship by utilising the distinction between *immanent* and *intentional* development for the purpose of revisiting certain core assumptions which, in the process of repatriation, have tended toward dogma. As recently restated by Connell, these core assumptions include the propositions that "the colonial era favoured *laissez-faire* policies rather than planning"; that Papua New Guinea "was one of the last places in the world where white settler colonialism was advocated as colonial policy"; that "despite the centralisation of power there was no overall development strategy and no cohesion to government policies"; and "except for a brief period after the war greater concern was attached to the necessity for adequate supplies of plantation labour".²³

Such propositions are incorrect on two accounts. Firstly, their 'validity' is given more in the anti-colonial rhetoric of the 1960s and 1970s in which the supposed pre-eminence of expatriate settlers and international trading capital has been conflated with the predominance of indigenous household production.²⁴ That is, the dominance of indigenous households in the production of export and domestically consumed commodities is inverted as a condition of subordination and construed in terms of its so-called subsidising effect on

²¹ Hasluck, *Native Labour Policy*, 23 April 1956: AA M1776/1 Vol.9.

²² Cowen and Shenton, 1998, p.50.

²³ Connell, 1997, pp.20, 6, 18, 20.

²⁴ MacWilliam, 1995, p.124.

capital accumulation and/or exploitation by trading capital through the mechanism of unequal exchange.²⁵ Secondly and related to the first, is the existence of an assumed compatibility between the colonial intent to develop and the process of development, so that the latter is viewed as making explicit what is perceived as implicit in the former. As a result, the misrepresented 'pre-eminence' of largeholder and trading capitals is read into the intent to develop and abstracted as a translation into practice of colonial state policy.

The present thesis has argued that in treating intent and process as complementary, the negative, or reactive dimension, implicit in the former not only remains hidden, but the "actual origin of the *intention* to develop is omitted from discussion".²⁶ In the context of late-colonial Papua New Guinea, this omission means that the qualities of state power which have secured the ascendancy of smallholder production are either ignored, or imperfectly understood. Insofar as development becomes doctrine when the intent to develop is attached to state power,²⁷ revisiting this period of Papua New Guinea history is premised on a framework which resists reducing the intentional to an abstraction derived from process.

11.2

The Late-Colonial State and Development Practice

During the inter-war period the movement of capital into the Territories of Papua and New Guinea was essentially spontaneous, albeit limited in scale. Thus, in Papua, legislation 'safeguarding' land and labour, structured as a means of "prevent[ing] ... the premature detribalisation of natives and their deterioration from a race of peasant proprietors ... to a landless proletariat",²⁸ was essentially reactive, or lacking "a positive content".²⁹ As Lieutenant-Governor of Papua Herbert Murray, explained:

²⁵ see Fitzpatrick, 1980, pp.86-87; and 1981, pp.94-96.

²⁶ Cowen and Shenton, 1996, p.440 (original italics).

²⁷ see Cowen and Shenton, 1998, p.50.

²⁸ *Territory of Papua Annual Report, 1933-1934*, p.26.

²⁹ Murray, 1949, p.15.

The great asset that our natives possess is their land; they are all land owners, and their land has been secured to them, and so as long as they keep their land no great harm can befall them - that is, no great economic or social harm ... For this reason it is not likely that there will ever be any very serious systematic ill-treatment of native labour in Papua; if there were, the native would simply retire to his village and his garden and would refuse to work, and there would be an end, not only of all ill-treatment, but of all European enterprise ... But if he once loses his land he cannot do this - he becomes a labourer dependent on his employer for his daily bread, and with no defence against possible ill-treatment and oppression.³⁰

The agrarian ideal becomes doctrine when it is attached to state power and realised through state trusteeship. What distinguishes the period after 1945 from that which preceded it, is not so much the ideal of indigenous 'community', but rather the strengthened capacity of state power in mediating the terms of its development. After 1945 the movement of capital was not spontaneous. Indeed, the "order of intervention was reversed": "money capital circulated into state apparatuses to stimulate production under strategies which fitted key principles of existing colonial policy, including the objective of maintaining households upon land".³¹

In 1950, notes submitted to new Liberal Minister for External Territories P.C. Spender, described the intent underpinning the Territory's land and labour policy as seeking to "limit strictly land settlement schemes providing for colonisation by non-natives".³² However, for change to be refashioned in accordance with the 'positive' side of trusteeship, it was not sufficient to simply restrain the actions of largeholder and trading capitals.³³ On this point, the Department of External Territories concluded: "these checks to development which would normally result from the unrestricted commercial exploitation of a country, involve a greater degree of governmental responsibility in the matter of initiating development".³⁴ The policy of the Administration, Murray wrote in 1949, "is to provide a framework of physical development and administrative services which will

³⁰ Murray, J.P.H., 1920, p.32.

³¹ MacWilliam, 1991, p.16; and Cowen, 1981a, p.128.

³² Outline of the Basis and Implications of Present Policy Governing the Economic Development of the Territory, 1950: AA A518/1 F927/1.

³³ MacWilliam, 1992, p.137.

³⁴ Outline of the Basis and Implications of Present Policy Governing the Economic Development of the Territory, 1950: AA A518/1 F927/1.

enable the native to become an independent producer for export”.³⁵ In other words, initiating welfare and development involved measures protecting “the village”, defined as synonymous with a ‘community’ of smallholders.

For Murray, indigenous households had the “subjective potential” for increased productive effort. However, realising that potential was regarded as the exclusive domain of the colonial state: “in the earlier stages”, the Administrator wrote, “the natives will be neither sufficiently educated nor sufficiently sophisticated to take the initiative in economic development; it will therefore be necessary for the Administration, through its several executive departments, to make an active intrusion into the economic affairs of the Territory”.³⁶ It follows, that implicit in the welfarist agenda enunciated as policy after 1945, was a commitment to securing a central role for the colonial administration in expanding rural commodity production.

What was for Murray, the provision of a framework for realising indigenous productive potential, was restated by Hasluck in March 1955. According to the Minister, “the established policy of preserving the natives rights in land ... will only prove effective if, in practice, the natives live on their land and work it, using it to greater advantage than in the past, either for a higher level of subsistence or for the production of marketable crops”.³⁷ The imposition of work, realised in this case *vis-à-vis* the scheme of smallholder production, implied the “ordered administration of the conditions of production”.³⁸ To this extent, the present thesis has argued that the various forms of state established for inserting demands for increased indigenous living standards into the domain of development doctrine represented examples of intentional agrarian practice.

Insofar as “the village” was posited by the colonial trustee as the site of indigenous ‘community’ and hence, of development itself, household labour effort was effectively viewed as fixed in land. Part Three of the present thesis has argued that the various forms of state established as mediums for realising this effort - co-operatives, local government

³⁵ Murray, 1949, p.53.

³⁶ *ibid.*, p.41.

³⁷ Hasluck, Native Labour Policy - Papua and New Guinea, 2 March 1955: AA M1776/1 Vol.7.

³⁸ Cowen and Shenton, 1998, p.50.

councils, tenure reform and state-supervised credit - were constituted as progressive attempts to maintain indigenous attachment to the land under conditions of intensified economic activity. As Murray saw it, international demands for increased colonial living standards, coupled with the aim of meeting Australia's demand for tropical commodities, necessitated "the incorporation within developmental schemes of aspects such as peasant production, co-operative production, share farming, etc., whereby the 'hidden' labour force can be utilised".³⁹ In the case of the Co-operative Section, it was not a question of whether the movement was an "appropriate recognition of indigenous ways",⁴⁰ but rather one of intensifying commercial production in a manner consistent with the trustee's definition of indigenous 'community'. As Jones put it in a statement to the November 1952 Mission Conference on 'The Co-operative Movement in Papua and New Guinea': "the policy is that economic development of the native people shall be through the village unit, without divorcing him too rapidly, and too completely, from his traditional way of life".⁴¹

Throughout the present thesis attention has been directed at the twin elements of the colonial intent to develop: 'community' and the controlled, or state mediated, production and extraction of surplus value. As forms of state supervision corresponding to the shifting definition of indigenous 'community', the co-operative movement, local government councils, tenure reform and state-sponsored credit represented nothing other than progressive frameworks for deepening and extending the Administration's monopolisation of the conditions securing the scheme of smallholder production. Accumulation translated as a conscious strategy by the state to intervene directly in regulating the intensity of household labour. Whilst the co-operative movement represented one such intervention, it was discussed in Chapter Seven from the standpoint of its limitations: namely its inability to supervise the production and appropriation of surplus value, thereby highlighting the restricted fluidity of the Administration's definition of indigenous 'community', as dictated by the extractive demands of the colonial project.

³⁹ Murray, Programme for Development, 17 January 1951: PNGNA a.247 b.203 fca.1-8-1-10 (my italics).

⁴⁰ Fitzpatrick, 1976, p.79.

⁴¹ Jones, The Co-operative Movement in Papua and New Guinea, Statement by the Director of District Services & Native Affairs prepared for Presentation to the Mission Conference, Port Moresby, November 1952: AA A518/1 E840/1/4 Part.2, p.12.

In the immediate post-war period, expanding indigenous commodity production centred on the active promotion of commercial crops within the framework of existing (or perceived) forms of social organisation. Situating itself in a mediating role between smallholders and international commodity markets, the problem which confronted the Co-operative Section was not that it exerted too much control in regulating “the tempo and type of development”.⁴² Rather, given its essentially mediatory role, the Section’s potential for administering the conditions of production, particularly in relation to land and labour, was necessarily limited. From the standpoint of the Administration, indigenous resistance to the subordination of group activities to state administered co-operatives was a non-issue. Conveniently labelled a symptom of cargo cultism, social protest was attributed to a group’s position outside the framework of trusteeship, or state-administered development, rather than a product of it. Insofar as labour effort was viewed as fixed in land, the decline in administrative support for the Co-operative Section coincided with a conscious shift in developmental intent towards the removal of the perceived barriers to the realisation of that effort - low returns to labour and a system of land tenure viewed as incapable of ensuring the retention by households of minimum economic holdings. After 1956, the aim was to negate the ‘independence’ of indigenous households with respect to the disposition of land and labour effort and to this extent, the co-operative movement, given its inability “to influence effectively either the evolution of land tenure, or the amount of per capita production”, was held to constitute an “*inadequate media for systematic economic development*”.⁴³

For the chief architect of the Native Local Government system D.M. Fenbury, systematic development involved “working through some form of area organisation capable of exerting close and continuous control”.⁴⁴ As argued in Chapter Eight, the target of local government policy was not the provision of schools for “training natives for self government”, but rather “the systematic development of native agricultural potential”. The point was not to negate the welfarist agenda through which the post-war primacy of smallholder production in Papua New Guinea was secured, but rather to maintain it under

⁴² Murray, Native Co-operative Ventures, 12 December 1951: PNGNA a.247 b.320 f.35-8-21.

⁴³ Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M. - Papers, 1947-1972, PMB No.629, (ANU), p.29 (original italics).

⁴⁴ *ibid.*, p.3.

conditions of intensified economic activity. Implicit was the assumption that labour effort was fixed in land and to this extent, Fenbury rejected attempts “to fossilise the institutions of a decaying tribalism”,⁴⁵ in particular those institutions viewed as barriers to economic development. Thus, on the land question, Fenbury advocated “a deliberate policy of destroying customary tenure”, albeit within a welfarist agenda of forestalling “rural indebtedness, a low level of per capita production and a low level standard of product”.⁴⁶ Area administration, through a system of local government councils, was thus advanced as a means to intervene directly in regulating the form of land tenure and hence, the household labour process: “the principal role the Council can play in economic development schemes is that of a body, representative of native opinion, where we can get native endorsement and acceptance of our proposals”.⁴⁷

The final shape of local councils reflected a struggle over territory, not ideology. The debate between Hasluck and Fenbury reflected not a rejection of the agrarian intent underpinning initial local government policy, but rather the form of administration through which attempts to re-structure smallholder productivity were to proceed. In questioning whether “the Crown [can] share with some other authority its control over land”,⁴⁸ Hasluck effectively reaffirmed the scheme of smallholder production as an object subordinate to exclusive central government control.

Coinciding with plans for tenure reform was the extension of state-supervised credit to indigenous households. The tendency of the Administration to treat as synonymous both forms of state supervision, was given in the fact that production, not land, constituted the object of development - the latter was considered only insofar as traditional patterns of land usage were seen to constitute the primary barrier to the realisation of the former. The justification for advancing credit, Coombs informed the Administration, “is that it leads to increased production so that loans are repayable from the proceeds of this increased

⁴⁵ Fenbury, Land Tenure in Relation to Native Economic Development, 20 August 1956: Fenbury D.M. - Papers, 1947-1972, PMB No.629, (ANU), p.27.

⁴⁶ Fenbury, Notes re. Policy on Native Land Tenure, 17 May 1956: Fenbury D.M. - Papers, 1947-1972, PMB No.629, (ANU), p.2.

⁴⁷ Plant, The Potential Role of Native Local Government Councils in Native Economic Development, 1956: PNGNA a.12 b.3925 f.1-4-65a, p.7.

⁴⁸ Hasluck, Lands Policy in Papua and New Guinea, 26 October 1959: AA M1776/1 Vol.16.

production”.⁴⁹ Drawing on the work of MacWilliam, Chapter Nine argued that the effect of credit was twofold: “it subjugates household production to formal capitalist calculations, and it means that an increasing percentage of the surplus production in households must go to pay creditors”.⁵⁰ Insofar as individual rural credit budgets specified the productivity of labour and hence, the proportion of increased output secured as surplus value for creditors, state-sponsored credit, beginning in 1955 with the Native Loans Board and intensifying after 1967 with the establishment of the Development Bank, was diffused as a means for negating the ‘independence’ of indigenous smallholders in relation to land and labour usage.

For Hasluck, the provision of credit for indigenous smallholders was regarded as “being a natural outcome of a policy which educates natives, which *retains land in their ownership*, and which teaches them better agriculture”.⁵¹ Although in practice, the shift in emphasis from co-operative (group) ventures to individual household units created space for accumulation in smallholder agriculture, state policy, the Minister explained, held that the “native population are likely to find their advancement in changing from village subsistence gardening to cash cropping, forming a native [middle] peasantry that, *so long as the families work as families, will not be a major employer of wage-earning labour*”.⁵² The agrarian doctrine, in other words, remained intact. Just as early legislation regulating merchant capital rendered the trading firms subordinate to state plans for inserting commodities into household consumption, money capital in the form of credit, was to be activated and superintended through the state apparatus as part of the Administration’s plans for intensifying household labour.

The provision of state-supervised credit represented a relatively simple evolution in existing policy. A more complex task was the conversion of customary tenure and the creation of a uniform system of secure land title. Whilst the 1962-1963 legislative

⁴⁹ Coombs, Address Given by Dr H.C. Coombs, Governor of the Reserve Bank of Australia, to the Royal Institute of Public Administration, Port Moresby, 29 August 1960: RBA PNG-A-A1 (my italics).

⁵⁰ MacWilliam, 1992, p.145.

⁵¹ Hasluck, Papua and New Guinea - Credit Facilities, 6 September 1956: AA M1776/1 Vol.10 (my italics).

⁵² Statement read by Senator Paltridge on behalf of the Minister for Territories, *Commonwealth of Australia Senate Debates*, 15 August 1961, p.22 (my italics).

framework for tenure reform was comparatively 'successful' in the Popondetta area where systematic conversion was encouraged, the policy of selective or sporadic conversion that applied outside this area, proved slow and "disproportionately costly".⁵³ Thus, by 1971 "only 252 land tenure conversions ... [had] been completed, of which the majority ... [were] under systematic schemes".⁵⁴ Yet, it would be simplistic to view this failure as simply an administrative one, that is, in isolation of the agrarian intent through which plans for tenure reform were conceived. Whilst sharpening the opposition between an emerging class of indigenous capital and village households, previously concealed within the conceptual straight jacket of 'uniform development', the policy was not one of "letting the Kulaks run".⁵⁵ Rather, reflecting the implicit affinity between the agrarian doctrine and the liberal "respect of small property", tenure reform was advanced as an ideal construction of capitalism - capitalism without a "landless proletariat". Thus, the Lands Title Commission was instructed "not [to] make a conversion order over land which should, in order to meet the need for the production of food for their own consumption by some or all owners of the land, remain native land".⁵⁶ Seeking the impossible, that is, advancing indigenous accumulation without its negative consequences, the wholesale shift to converted, individual title, was restricted by the doctrinal anomalies implicit in the legislation.

The catalyst for the shift to accelerated development came in 1963, with the visiting Mission of the World Bank and the subsequent elaboration of a five-year development plan. Imperfectly understood, the report did not recommend "continued advantages for the whites".⁵⁷ Rather, recommending that indigenous plantings of cocoa, copra, oil palm, rubber and tea be extended over some additional 65,000 hectares, the programme, as stated by the Mission, aimed "to move the indigene away from purely subsistence agriculture into the production of commercial crops, *largely on a smallholder basis*, at as fast a rate as the availability of the staff needed to direct and guide the program will permit".⁵⁸ Central to the report, was a programme not only of advancing indigenous

⁵³ Simpson, 1971, p.12.

⁵⁴ *ibid.*, p.7.

⁵⁵ Fitzpatrick, 1981, p.124.

⁵⁶ Land (Tenure Conversion) Ordinance 1963, *Laws of the Territory of Papua and New Guinea (annotated)*, 1964, pp.544, 540.

⁵⁷ Turner, 1990, p.13.

⁵⁸ World Bank, 1965, p.47 (my italics).

commodity production, but also one for realigning the relationship between money capital and the colonial state which, rather than advancing the interests of expatriate planters, contributed to their eventual downfall. As Charles explained:

the shape of new plantation development can be expected to follow the pattern already set by the two newest crops, oil palm and tea. That is, nucleus estates bringing large injections of capital into the country, providing processing and marketing facilities for smallholders in addition to their own production, in some cases with direct smallholder equity and/or management participation.⁵⁹

The ideology of ‘partnership’ between expatriate ‘owner-managers’ and indigenous households was refashioned and intensified after 1960, under a more explicit pairing “between government and business, and especially international money capital and smallholders”.⁶⁰ The establishment of the Development Bank as a “predominantly ... government controlled and government capitalised body”⁶¹ gave expression to this refashioned intent: namely, the conscious evolution in moves to attach the flow of money capital directly to the household labour process for the expanded production of export crops. The joint-estate venture in oil palm, signed between the Administration and Harrisons and Crosfield Ltd., and the insertion of money capital into the household labour process through the Development Bank, epitomised the extent to which the late-colonial state and international capital stood aligned.⁶²

The programme of accelerated development represented a continuation of the policy established in the first ten years following World War Two. It made explicit what was implicitly contained within the agrarian doctrine and hence, the scheme of smallholder production, from the outset: insofar as “the village” was abstracted by the colonial trustee as the site of indigenous ‘community’, reconciling development and welfare, or the intent to develop, constituted nothing other than a conscious strategy of developing a ‘community’ of commodity producing smallholders. The shift to accelerated development

⁵⁹ cited in Timms, 1996, p.254

⁶⁰ *ibid.*, p.261.

⁶¹ Proposals for Development Bank - Papua and New guinea - Comments of Discussion, 29 July 1965: PNGNA a.1054 b.18.471 fz.1-1-13 Part.1.

⁶² In the context of post-war Kenya, Cowen offers a trenchant argument substantiating this alignment; see Cowen, 1981a, pp.128-129.

implied not a rejection of the agrarian intent underpinning state practice, but rather stripped of its ideological recourse to the 'customary', the ultimate, or 'positive' side of trusteeship was made explicit: state administration of a 'community' of smallholders, attached to the land and subordinate to an international layer of capital.

11.3

Conceptualising Smallholder Production in Post-War Papua New Guinea

As Cowen notes, "the development of commodity relations need not mean the development of capitalist relations based on wage labour".⁶³ Essentially, the present thesis has argued against prevailing descriptions which situate the socio-historical character of smallholder agriculture in terms of its supposed pre-adaptedness to pre-existing (non-capitalist) social relations,⁶⁴ or in its external, subsidising relationship to capital accumulation.⁶⁵ In contrast, it has been argued that the origins of the scheme of smallholder production lie in the changing politico-economic realities of post-war global capitalism and the corresponding shift to 'positive' trusteeship which, in transmitting metropolitan ideas of state-sponsored welfare to the colonies, sought to reconcile indigenous welfare with strategies for rural commodity production. Central was the constructivist intent to check landlessness by inserting labour into the capital-labour relation through the administered application of the agrarian doctrine of development.

The social relations of capitalism found expression in post-war Papua New Guinea, not through the creation of a market in land and labour, but through the production and consumption of commodities. Smallholder coffee, copra and cocoa entered into a full circuit of capital as items that were produced, exchanged and consumed internationally. The entry of money into household reproduction, first through the payment of war damage compensation and second, through the production of export commodities, acted to transform the value of labour power by inserting "an increased mass of commodities into

⁶³ Cowen, 1981a, p.125.

⁶⁴ see Goodman, Lepani and Morawetz, 1985, pp.71-83.

⁶⁵ see Fitzpatrick, 1980, pp.86-87; and 1981, pp.94-96.

necessary consumption”.⁶⁶ Moreover, measures advanced by the colonial state for regulating prices and the extension of credit by the trading firms, sought to mediate this transformation under conditions which precluded indebtedness giving rise to landlessness. In 1959, the Committee on Economic Trends reported that “the largest portion of indigenous expenditure is devoted to imported foodstuffs”. In 1957/58 household consumption of tinned fish, rice, sugar and flour totalled £2.6 million, of which “over 50% of total imports were in excess of the requirements for Europeans plus rations” (food advanced as ‘wages’ to contracted labour). Given an estimated return to households from cash crops totalling £3.4 million, the progressive insertion of indigenous smallholders into the international economy as producers and consumers of capitalist commodities was explicit.⁶⁷

In mediating the subsumption of labour to capital through household production, colonial state practice in Papua New Guinea was in no way without precedent. Indeed, throughout the present thesis, descriptions suggesting that Australian colonialism was unique, particularly that it “represented the diametric opposite of British thinking and methods”,⁶⁸ have been rejected as superficial. Traditionally associated with Hasluck’s tenure as Minister for Territories, the rhetoric of uniqueness represented more an attempt to reconcile Australian nationalism with British imperialism, than any conscious departure from the doctrine of ‘positive’ trusteeship expressed through the latter. Indeed, the flow of information from the Colonial Office to the Department of Territories and the Territory Administration, was constant and, in some cases, personal. As Conroy disclosed in an interview with Timms, “the colonial service generally, and the agricultural service in particular drew upon British traditions”.⁶⁹

At a more fundamental level, this use of British models found expression in the mutual regard for a particular idea of development, the evidence of which is ultimately given in the primacy accorded to the scheme of household production. As MacWilliam notes, “in

⁶⁶ MacWilliam, 1992, p.136.

⁶⁷ Committee on Economic Trends, Problems and Policies, 1959: PNGNA a.12 b.3895 f.1-1-115a; see also Timms, 1996, pp.118-119.

⁶⁸ Healy, 1986, p.2.

⁶⁹ cited in Timms, 1996, p.89.

primarily rural countries, particularly the colonies of the British Empire, state action was designed to check in advance the separation of labour from the means of production".⁷⁰ Given the object of state power in late-colonial Papua New Guinea, that is, to check the "displacement and dispossession of natives" and the "building up of a 'landless proletariat'",⁷¹ claims of a uniquely Australian colonial philosophy fail to appreciate the historical origins of the intent to develop and the manner in which, under pressure from the United States, both Britain and Australia invoked 'positive colonialism' as a means to join "metropolitan economic-strategic requirements" with international demands for the provision of colonial welfare and development.⁷²

In Britain, the *Colonial Development and Welfare Act 1940/1945* was premised on a reversal of the order of priorities, in that, the Chamberlainite 'duty' to "develop our European-owned estates" was "reworked to mean the development of African-owned estates".⁷³ The same reworking was implicit in post-war plans for Papua New Guinea: it was not that settlers were to be pushed off the land, rather what was previously demanded of the state in advancing European interests was to be refashioned and extended to indigenous households. Implicit, was the conscious intent to subordinate expatriate land settlement to state plans for indigenous agriculture.

The claim that the 1950s marked a return to a Chamberlainite doctrine of "developing the Imperial estates", is situated against the rapid, albeit brief, extension of European settlement of the New Guinea Highlands. For the period 1948-1951, the inclusion of the Highlands under the *Restricted Areas Ordinance 1950* meant that only six agricultural leases totalling 350 acres were granted in the Goroka Sub-District. In May 1952, and coinciding with high returns for coffee, the opening up of the Highlands to applications for agricultural leases, saw the total area of alienated land in the Goroka Sub-District increase to 3,550 acres. However, from the standpoint of the present thesis, the significance of "rush for brown gold", as an exceptional case, lies not so much in the amount of land alienated, but rather in the measures taken by the colonial state in checking it.

⁷⁰ MacWilliam, 1995, p.123.

⁷¹ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.9.

⁷² MacWilliam, 1996, p.30.

⁷³ Cowen and Shenton, 1996, p.296.

Insofar as government policy came to articulate a coherent objective in development practice, it was the desire “to see that the native social order is not changed too rapidly by the breaking up of the chief social unit - the village - or by destroying those elements that give coherence to native society”.⁷⁴ The form of administration developed under Hasluck, its hierarchical, centralised and authoritarian character, needs to be grasped in light of this developmental intent. In particular, policy relating to land and labour was construed as the principal mechanism through which to “control ... the nature and the rate of social change among the native people”.⁷⁵ The intent was to tie expatriate settlement to the Administration’s plans for indigenous agriculture, and the creation of the Land Development Board in 1954 represented a conscious strategy for reasserting central government control, not only over the land settlement process, but also the intent informing it. As Hasluck put it, “in any land settlement the overriding consideration had to be the established policy of native welfare and no land acquisition could be made purely in the interests of development”.⁷⁶

To the extent, that the “interests of development” referred to an unintentional, or immanent process, operating outside the regulatory capacity of the colonial Administration, the establishment Land Development Board, instructed to make “decisions in conjunction with its responsibilities for co-ordinating opportunities for indigenous agriculture”,⁷⁷ gave concrete expression to the prominence given to management within the refashioned domain of state practice. The comment by Downs, that “private enterprise” was not “permitted to risk capital as it thinks fit” and that it had to “wait for guarantees of success from Agricultural Officers too frequently opposed to particular ventures”,⁷⁸ was thus indicative of the constructivist intent underpinning the emphasis given to state regulation in negating the spontaneous movement of capital.

⁷⁴ Hasluck, Native Labour Policy, 23 April 1954: AA M1776/1 Vol.9.

⁷⁵ *ibid.*

⁷⁶ Hasluck, Land Settlement, 1 February 1954: AA M1776/1 Vol.5.

⁷⁷ Timms, 1996, pp.113-114.

⁷⁸ HFSA to Hasluck, 19 May 1958: Downs I.F.G., Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

That capital was to be organised in accordance with state plans for expanding household production, was most evident in the development of smallholder coffee. The ideology of ‘partnership’, or the assumed compatibility between small and largeholdings which underpinned the Administration’s regulation of the latter, was, in the words of Timms, “an important political platform for both expatriate producers and the colonial state”.⁷⁹ For the first, it was an expression of weakness which, at the same time, created space within the boundaries of state regulation for capital accumulation. For the second, and insofar as the commercialisation of indigenous households was to be secured through the production and consumption of commodities, the settlers were seen to provide the requisite facilities for “promoting and marketing the native crop”.⁸⁰ Thus for Hasluck, the development of expatriate holdings in coffee, cocoa and fibres was “valued ... because native growers were also producing them”. To this extent, he “saw opportunities for the native grower, using his own land and the labour of himself and his family or clan, to grow the crop and deliver the produce to central ‘factories’ which would process and market the finished product”.⁸¹ Whereas the state established centralised processing facilities for cocoa, in the case of coffee, the commercialisation of the indigenous crop and the control of quality, was to be superintended by the Administration through the settlers. Coerced into co-operating “with the Administration in the implementation of quality control programmes and [into] the payment of fixed prices for native produced parchment”, the intent, according to Conroy, was to employ the settlers as agents for “rapidly bring[ing] home to farmers at the village level the need for quality and that it is well within their capacity to produce a good quality product”.⁸²

By 1960 the Patrol Reports for Bena Bena, Asaro, Watabung and Lowa all testified to the dominant position of coffee in meeting, what was an expanding mass of necessary commodities for household consumption. For example, in 1962/63 it was reported for the Upper Asaro Census Division, that the “people have accepted cash cropping as the basis

⁷⁹ Timms, 1996, p.125.

⁸⁰ Conroy, Native Coffee Processing Techniques, 29 November 1961: PNGNA a.1054 b.18.480 fz.1-1-133 Part.2.

⁸¹ Hasluck, 1976, p.139.

⁸² Conroy, Native Coffee Processing Techniques, 29 November 1961: PNGNA a.1052 b.18.480 fz.1-1-133 Part.2.

of their economy, rather than as a supplement to wage labour”.⁸³ However, the corollary that “more attention must [therefore] be paid to their particular marketing problems”, was indicative of the end of the post-war boom and the changing global conditions which confronted the Administration in ensuring adequate returns to indigenous households.

At the level of production, the long post-war boom concealed the contradictions between large and smallholder forms of production. However, the emergence of global coffee surpluses in 1959, not only marked the end of the expansionary phase for the industry, but also signalled the end of the policy of dual development. In March 1961, Cleland warned that insofar as “one economic European area will produce more than 50 tons of coffee - a tonnage equivalent to the production of 100 to 150 fair-sized native growers ... increased European participation in the industry could seriously impact the development of native cash cropping in the Highlands”.⁸⁴

To the extent that money capital, in the form aid, was superintended through the colonial state, its direction was filtered through the determinants implicit in the liberal constructivism informing administrative practice. Having broken the link between migratory labour and indigenous consumption, the granting of preferential tariffs for the crop in Australia and the entry of Australia/Papua New Guinea into the International Coffee Agreement, were indicative of the increasingly important place occupied by coffee in meeting household reproduction. Given the potential threat that global over-production posed for the viability of the scheme of smallholder production, the Administration’s response was predictable. As Gunther explained to Downs, “the particular interest of the Government ... lies in its duty to ensure that the native crop is sold, not just at an economic price, but at the best possible price that can be got from the market”.⁸⁵ Conceding that “policy implications apart, it would be virtually impossible to impose controls on native growers which would successfully curtail production let alone cut it back”, the Administration aimed to extend its supervisory capacity by securing conditions which

⁸³ Keen, Upper Asaro Patrol Report No.6 1962/63: PNGNA.

⁸⁴ Cleland to Lambert, 15 March 1963: PNGNA a.1054 sz b.18.509 fz.12-1-51.

⁸⁵ Gunther to Downs, 6 February 1959: Downs I.F.G., Highlands Farmers and Settlers Association Papers 1956-1968, PMB (ANU) No.609.

“would permit a continued though modest growth of native production”.⁸⁶ In short, the structuring of state practice towards securing household production as the principal form of labour’s subsumption to capital, remained intact.

In constructing an historical narrative it is not only important to get the ‘facts straight’; it is equally important to construct categories capable of bringing the ‘facts’ to life. The primary records of state now open to public scrutiny are sufficient to warrant a comprehensive revision of Papua New Guinea’s late-colonial legacy - the ‘facts’, in other words, are there. By utilising the categories of intentional and immanent development, thereby resisting the tendency to conflate the former with the latter, the present thesis has sought to articulate a materialist framework for the study of the colonial intent to develop in Papua New Guinea. Whilst Worsley’s forceful statement, “rooted in empirical observation”, that “the prime content of colonial political rule was economic exploitation”⁸⁷ has not been disputed, attention has been directed towards the ideas, particularly of ‘community’, which structured the form of surplus value extraction in the Territory. That the “landless proletariat”, “the displacement and dispossession of the natives”, entered into the official language of the state in Papua New Guinea,⁸⁸ reflected not so much a fear of class organisation, but rather a deeper fear of which the immanent processes of proletarianisation were seen as directly expressing. To borrow the words of Cowen and Shenton, “disorder did not simply mean the fear of colonial unrest, but the replication of the social order in the sense of the shattering of ‘morality’ and ‘community’ which was seen ... as the necessary consequence of the ‘competition’ inherent in the development of capitalist relations”.⁸⁹

In Papua New Guinea, post-war development practice, as superintended through the state, was structured against outright dispossession. Insofar as the idea of indigenous ‘community’ was abstracted as synonymous with a ‘community’ of smallholders, the

⁸⁶ Cabinet Submission, International Coffee Agreement, 20 October 1967: AA A1838/1 704/13/3 Part.8.

⁸⁷ Worsley, 1967, p.45.

⁸⁸ Hasluck, Native Labour Policy, 23 April 1956: AA M1776/1 Vol.9.

⁸⁹ Cowen and Shenton, 1991a, p.38.

principle form of labour's subsumption to capital was secured through household production.

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