BUSINESS DEVELOPMENT IN THE HIGHLANDS OF PAPUA NEW GUINEA

by

Ben R. Finney
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1987

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FOREWORD

In 1967, Ben Finney undertook a major study in Papua New Guinea examining the role of local entrepreneurs during the post-war period of extraordinary economic change. His study *Big Men in Business: Entrepreneurship and Economic Growth in the New Guinea Highlands* was published in 1973 by the University Press of Hawaii as an East-West Center book.

In 1984, the Pacific Islands Development Program (PIDP) of the East-West Center sponsored a research project on Indigenous Business Development to examine the role of local entrepreneurs in the development of the Pacific islands region. As part of this project Dr. Finney was commissioned to return to Papua New Guinea to follow up on his original research and assess the contribution of local entrepreneurs in the development process over the nearly 20 intervening years. These findings are recorded in this publication.

The entrepreneurs came from Goroka in the Eastern Highlands—a province whose population at the time of “first contact” in the 1930s were subsistence farmers living an isolated Stone Age existence. Yet by the 1960s, the cash market economy had become well entrenched in Gorokan life, and many Gorokans were engaged in a wide range of commercial activities.

In his book *Big Men in Business*, Dr. Finney examined the possible reasons for the relative ease by which the Gorokans adapted to rapid change and, in particular, the role of local entrepreneurs in this process. This study is a valuable contribution to the development debate for several reasons: First, it reasserts the importance of the role of local entrepreneurs as an integral component of balanced development. Second, it explores the nature of a traditional culture, which apparently was preadapted for the emergence of entrepreneurs willing and able to exploit the opportunities offered in the cash market economy. Third, in this period of economic transition, it highlights the role of the leaders such as Sinake Giregire and Hari Gotoha, as well as their pioneering efforts in growing cash crops and organizing commercial enterprises among their fellow Gorokans. Finally, a common theme in this book is how readily New Guineans accepted
economic innovation and embraced new types of economic activity with alacrity, and yet were able to remain thoroughly traditional in many respects. This last point serves as a valuable reminder to outside commentators not to prejudge such community members as being merely conservative traditionalists incapable of change without loss of cultural integrity.

Dr. Finney concluded this book by asking rhetorical questions about the future. Will the traditional continue to serve the modern, or does the potential for change have limits that are inherent in traditional Gorokan values and institutions? Must Gorokan commercial activity become "unembedded" from its traditional context so that further economic progress can occur? He further suggested that if Gorokan economic growth were to slacken and opportunities diminish, then instead of growing coffee and operating small businesses, the would-be "big man" of tomorrow might focus his energies on radical movements intent on widespread economic and political reforms.

Thus nearly 20 years after his these questions, Dr. Finney returned to Goroka in May 1986. He not only explored the impact of change over the intervening years, but also assessed what role, if any, local entrepreneurs had in the development of contemporary Goroka. What had become of the original leaders of the economic transition of the 1960s? Had a new breed of entrepreneurs emerged? In what respects have commercial growth and economic innovation remained rooted in the traditional Gorokan culture, or has the traditional culture been compromised at the expense of such growth?

In answering these questions, this study shows that Gorokans appear to be "conspicuous investors," gaining prestige and status by investing in visible commercial assets. Wealth and social standing are now measured in terms of coffee production, business assets, and cash flow. Thus entrepreneurship can be seen as being firmly inbuilt in Gorokan society, a society preadapted for the emergence of entrepreneurs, with an intrinsically competitive and fluid leadership system. This characteristic should ensure that aspiring entrepreneurs, both men and women, will continue to challenge the dominance of the established economic elite—an entrepreneurial elite that follows in the footsteps of the traditional "big man" and that remains a key actor in the process of change.
The obvious changes over the intervening 20 years include the way in which local entrepreneurs and business groups now dominate the Gorokan business community, which previously had been controlled by expatriate businesses.

The increased purchasing power of the local people is a further reflection of their prosperity and business success. Innovative government legislation facilitated the localization of the business sector in Goroka through the creation of business groups, which enabled clans or customary groups to enter the commercial sector. As the older path-breaking business leaders have been superseded by more versatile, better educated entrepreneurs—so the business groups with their concomitant tensions and jealousies are being superseded by more cohesive and manageable family businesses based upon the nuclear family.

Successful Gorokan entrepreneurs still meet their traditional obligations and maintain close ties with their wantoks. In fact, many are highly appreciated members of their own clans, with clan members benefiting materially from their commercial successes as evidenced by entrepreneurs' contributions to ceremonial expenses, clan payments, head taxes, school fees, etc. Not only do such entrepreneurs gain in stature and prestige by meeting these expenses, but also by so doing they ensure the continued support of their clan. All too often the clan is a source of land, labor, and cash, which is crucial to their business success. Such traditional and quasi-traditional obligations, however, can interfere with the success of these business operations because unrestrained largesse can all too easily result in bankruptcy and business failure.

A prerequisite for success seems to be that Gorokan entrepreneurs respect their cultural obligations and maintain or, where necessary, even control their relations with their clans or wantoks. This factor may help explain why Gorokan business leaders have become successful business promoters, able to mobilize local resources. At the same time, it may also explain why many successful entrepreneurs have delegated the daily management of their businesses to the expatriates who, apart from being experienced managers, are outsiders and thus better able to resist the demands of customary obligations.

Throughout the Pacific the impact of customary demands on profitability is cause for concern. This is supported by the research
on the performance and needs of local entrepreneurs commissioned by the Indigenous Business Development Project of the Pacific Islands Development Program. These studies highlight both the opportunities and the problems faced by local businesses that are inherent in these island societies.

The purposes of this project are to examine the nature of indigenous entrepreneurship in the Pacific, to assess the problems faced by local entrepreneurs, and to evaluate the adequacy of government programs established to support indigenous business, as well as to suggest policies to promote Pacific islanders in business. The findings have been published in a series of major studies that examine these issues in the Cook Islands, Fiji, Marshall Islands, Solomon Islands, Tonga, and Western Samoa.

This study of leading entrepreneurs in the Eastern Highlands of Papua New Guinea not only broadens the scope of this research, but above all reaffirms the central role of the local entrepreneur as a catalyst for change, a key player in the development process.

John Hailey
Indigenous Business Development Project
Pacific Islands Development Program
ACKNOWLEDGMENTS

INTRODUCTION

This study analyzes the development of business enterprise in the Goroka region of the Highlands of Papua New Guinea from the time of first contact with the outside world barely one-half century ago. In terms of indigenous economic development, Goroka is one of the more favored areas in the Pacific. Its upland climate, good soils, and abundant rain make it ideal for growing arabica coffee, the crop that forms the basis of the local economy. In addition, a widespread and profitable Gorokan participation in the coffee industry has been promoted by the late extension of the colonial frontier into the area, the way in which coffee was introduced, and recent government policies and programs to enable Gorokans to take over properties formerly owned by expatriates. Now Gorokans not only grow virtually all the coffee produced in their area, but also own and operate almost all the local coffee factories, as well as have an important stake in the marketing of their crop to overseas buyers. In addition, they have used capital derived from coffee to develop, or purchase from the former expatriate owners, a wide variety of businesses. In a country where expatriates have historically dominated the commercial economy, Goroka is known for the high degree of participation of the indigenous people in business.

This analysis is based on data gathered during two periods of fieldwork: an intensive study undertaken for nine months during 1967-68, and a brief followup survey during 15 days in mid-1986. The findings from the 1967-68 study, which have been reported in detail elsewhere (Finney 1968, 1969, 1970, 1973), are only outlined here. This analysis focuses primarily on developments in Gorokan business enterprises that have occurred in the last two decades, particularly since the granting of independence to Papua New Guinea in 1975.

Goroka forms an administrative district of the Eastern Highlands Province of Papua New Guinea and is located at the western end of that Province. (It was formerly known as the Goroka Sub-
district of the Eastern Highlands District.) It includes the town of Goroka, the provincial capital, and some 680 square miles of valley and mountain lands, ranging from about 4,500 feet to over 11,000 feet in elevation. The district now has close to 100,000 inhabitants, about 10,000 of whom live in the town.

The heart of the district is the Goroka valley. It is wedge-shaped, pinched in the northeast where the Bismarck Mountains, dominated by 11,600 foot Mount Otto, and the Asaro Range come together, and opens out toward the southeast to a rolling plains landscape almost 20 miles wide. The Goroka valley is fertile and well watered. Although it lies only 6 degrees below the equator, because of its elevation the climate is relatively mild. Along the valley floor the daytime temperatures may reach into the 80s, but the nights are always cool, frequently in the 50s even at the lowest elevations. There are two distinct seasons: the wet season during the Southern Hemisphere's summer months of November through March when three-quarters of the annual rainfall occurs, and the dry season of the winter months. The lower elevations along the southeastern border of the valley have only about 50 to 60 inches of rain a year, and are subject to prolonged droughts, while in the upper reaches of the valley the annual rainfall is in the 100-inch range and the seasonality is less marked.

These rainfall and temperature patterns provide a habitat in which forest would be the natural climax vegetation for all but the tops of the highest mountains and the low-lying swampy areas. Yet when the first Europeans arrived, they found extensive grasslands covering the valley floor and extending up the lower slopes of the ranges. The lowland forests had apparently been gradually removed by generations of Stone Age farmers who cleared the land by ring-barking and then burning the trees. The resultant grasslands were probably stabilized by continual cultivation and falling of the land, plus the use of fire for hunting drives.

At the time of European contact some 50 years ago, the Gorokans numbered about 50,000, with population densities of from 100 to 300 persons per square mile in the valley. They were then subsistence farmers who lived primarily off the sweet potato, a South American plant that had apparently spread into New Guinea from Indonesia three or four centuries ago. Sugar cane,
bananas, yams, taro, and a range of other root crops, legumes, and vegetables were grown as secondary crops. Animal protein consumption was low, coming mainly from pigs fed with sweet potatoes. Hunting was minor, and only a few birds, rats, and small marsupials were taken.

The Gorokans were not unified politically. In fact, five separate, though related, languages were spoken in the region. The clan was the basic social unit. Members of the same clan typically lived together in one village, forming a community that averaged some 200 men, women, and children. Villages were usually located on ridges and were stockaded for protection against attack. Clans often joined together in tribal groupings of anywhere from two to a one-half dozen or so clans, but only for specific occasions such as joint religious ceremonies and festivals and, above all, in times of war to fight together and defend their territory from other tribal clusters of clans surrounding them. In Goroka there was no state or government as such, only warring or potentially hostile tribes and clans.

This perpetual state of actual or potential war largely limited the Gorokans to their individual clan and tribal territories beyond which it was unsafe to travel. Although seashells and other valuables might be traded into Goroka and other Highlands areas from the northern coast of Papua New Guinea, this was accomplished through intermediate groups. The Gorokans apparently did not travel far from their valley homes, and coastal peoples had no direct knowledge of the populous Highlands valleys like Goroka.

CONTACT AND COLONIZATION

Gorokan isolation was not broken until relatively late in the colonial era because the rugged terrain as well as inter-tribal hostility made it difficult to penetrate the Highlands. Lutheran missionaries may have secretly reconnoitered the area during the 1920s, although it was not until 1930, when prospectors entered the valley in search of gold, that the outside world first learned of the existence of sizable populations of settled agriculturalists in this upland region.
Both the lack of commercial concentrations of gold for full-scale mining and the limited resources of the Australian administration kept Goroka from being developed until after World War II. Then the administration, taking advantage of an airstrip built during the war to stop a threatened Japanese advance into the Highlands, established at Goroka a small outpost, which was later to become the area's chief town and the administrative headquarters of what was then called the Eastern Highlands District.

With the extension of administrative control, several prospectors and patrol officers were tempted to try their luck at exploiting the rich agricultural potential of the valley. Their problem was, however, lack of easy access to external markets, for there was as yet no road link with coastal ports. In their search for a crop that had a high enough value-to-weight ratio to make airfreighting to the coast economically feasible, they decided to try coffee.

Coffee was a good choice. The soils and climate of Goroka are ideal for growing arabica coffee (*Coffea arabica*), and its aromatic beans are highly prized on the world market and can fetch up to twice as much as lowland varieties of coffee. Furthermore, arabica coffee's high value-per-weight ratio is ideal for airfreighting down to the coastal port of Madang, from whence it could be shipped to overseas countries.

Once Jim Leahy, a pioneering prospector, had shown that coffee flourished in Goroka, a land boom started there as more ex-prospectors, retiring patrol officers, and others sought to obtain land for plantations. During this period, in the late 1940s and early 1950s, many Gorokan groups were anxious to sell some of their land to expatriates, as Australians and other foreigners (particularly of European descent) are called in Papua New Guinea. (Technically, the sale was to the administration, which then leased the land for 99 years to the plantation developer.) The prospect of immediate payment, and of ready access to a European employer from whom they could obtain money and trade goods, attracted the Gorokans. But they also were anxious to see how Europeans made money by growing plants, and reckoned the best way was to have a plantation in their midst.

Although care was taken by the administration not to alienate too much land from any one group, the inevitable criticism from Australia and elsewhere of allowing the establishment of an ex-
patriate plantation sector in so populous an area (and so late in
the colonial era) led to a controversy that resulted in a virtual ban
on further alienations after 1957. Some prospective plantation de­
velopers were undoubtedly disappointed by this change of pol­
icy, as were probably more than a few tribal groups anxious to
have a plantation developed in their area. The ban was not neces­
arily resented, however, by all those planters who already had
their leases. Many realized that there was already sufficient land
in production, or about to come into production, to enable the
development of an efficient processing and marketing system,
and that granting more coffee leases would probably lead to over­
production and consequent problems in selling Papua New
Guinea's crop.

**GOROKANS AND COFFEE**

The Gorokans were not content to stand by and just watch the
European planters make their fortunes. The money they had
received for their lands was soon exhausted, especially when
spread over many landowners, and they were not at all satisfied
with the meager wages to be earned by working on plantations.
Gorokans wanted to share more directly in the wealth of this new
industry by growing and selling their own coffee.

Since extension services were then limited, some Gorokans
had to go to immense trouble to plant coffee. For example, Bi­
mai Noimbano, from the small valley of Watabung on the far
western border of Goroka, learned about coffee while working
at the Aiyura agricultural experiment station located at the eastern
end of the Highlands near Kainantu. In 1951 he walked the 70
miles from Aiyura to his home in Watabung carrying coffee ber­
ries and seedlings for planting. When these failed to take hold,
Bimai sent some boys to walk back to Aiyura and obtain more
seedlings. This attempt also failed as Bimai could not get the seed­
lings to develop. At this point, in early 1953, the first extention
officer to be stationed in Goroka helped Bimai to develop a proper
nursery for the seedlings and to lay out a small plantation, which
became the first of its kind in this region of Goroka.
Other ambitious would-be coffee growers had less trouble getting started if they lived near a plantation run by a friendly European. Baito Heiro, for example, had been a personal servant for the pioneering Australian patrol officer, Jim Taylor, who upon his resignation from the administration had started one of the first coffee plantations in Goroka. Taylor gave Baito, whom he employed as his foreman, seedlings and helped him set out a small plantation. The coffee flourished, and Baito’s first harvest in 1957 yielded, in the Australian currency used then, £2,000, an unheard of amount of money for a Gorokan in those days.

Once the success of pioneering Gorokan planters like Bimai and Baito became known, the coffee rush was on. The demand for coffee seedlings soon outstripped the supply available in the nurseries set up by the administration’s extension service, and plantation owners began complaining about the theft of seedlings. Gorokan plantings of coffee accelerated throughout the 1960s, even though because of a fear of overproduction the extension service had discontinued promoting the crop. In fact, by the late 1960s the Gorokans were producing more coffee than expatriate planters were, and their production accounted for over 12 percent of all the coffee grown in Papua New Guinea.

GOROKANS AND “BISNIS”

To some Gorokans, particularly those who have planted only a small area, coffee trees are simply a handy source of money. Once planted, the trees require little care and every year yield berries that can be sold for small amounts of cash. In contrast, other Gorokans, particularly those who have planted sizable areas, regard coffee as their entree into the world of business. Gorokans see a unity in all enterprises, whether agricultural, commercial, or industrial, that yield a cash return. Thus when speaking Pidgin English (tok pisin), the national lingua franca, Gorokans refer to the production and sale of coffee as a “bisnis;” just as they do in talking about a store, trucking venture, and other commercial enterprises that normally fall within the meaning of the English word “business.”
The two types of enterprises that Gorokans first started with their coffee money were trade stores and trucking ventures. In the late 1950s, Gorokans began investing in small, rural trade stores (which stocked rice, tinned meats and fish, axes, and other items) and in trucks (which were used primarily to carry passengers and goods between the rural areas and Goroka township). By 1967 there was about one trade store for every 130 Gorokans, and about one truck for every 250 Gorokans.

While these figures might seem modest, they are impressive in view of the per capita cash income at the time, which was about A$20.00. (In 1967 A$1.00 equaled about US$1.17.) Moreover, virtually all these investments had to be made in cash, for the Gorokans were not then considered to be creditworthy by the expatriate banking and commercial establishment. During 1966-67, for example, the Gorokans received less than A$10,000 in loans for investment purposes from local banks, government sources, and European firms and individuals.

Administrative officials and European businessmen were unprepared for this Gorokan penchant for investment. They should, however, have been alerted by what Baito Heiro had done with the profits from his first coffee crop, the first big sum to be earned by any Gorokan. He ordered a Land Rover utility truck—for carrying freight and passengers for profit as well as for personal use.

As coffee growing and coffee profits became more widespread, other Gorokans began to purchase trucks. In fact, when I first came to Goroka in early 1967, the people were on a truck-buying spree. Significantly, however, Gorokans were not buying automobiles. They were only purchasing utility pick-ups and light trucks for local service and a few heavy-duty trucks for long hauls between the coast and the Highlands.

Gorokans purchased trucks or "business cars," as they called them, for prestige purposes as well as for their utilitarian value. This was not, however, a simple case of conspicuous consumption. While prosperous European coffee planters and businessmen might seek to enhance their status by purchasing Mercedes Benz automobiles and other luxury cars, the Gorokans acted more like "conspicuous investors" in that they sought prestige by putting their money into a commercial asset, be it a truck, trade
store, or some other visible capital good from which they hoped to earn money. To be regarded as a "man of business" with such assets was a point of pride.

Given the low individual income of the Gorokans, and their virtual inability to obtain loans from banks and suppliers, how were the Gorokans able to invest thousands of dollars in trucks and other ventures? Typically, the Gorokans whom I asked responded with a simple, "It came from coffee." It was obvious, however, that only a few large planters like Baito ever made enough money from coffee to be able to purchase a truck or other major asset by themselves. In response to further questions, Gorokans explained, "We pool our money to buy these things." A survey of trucks revealed, for example, that many were jointly owned with anywhere from two or three owners to a dozen or more.

Multiple ownership did not mean, however, that these investments necessarily were communal clan assets and businesses. Although co-owners were frequently from the same clan, in the cases that I examined typically one primary owner put in much more money than anyone else, and also was the driving force behind the initial pooling of funds as well as the management of the truck, store, or other enterprise. In other words, behind the Gorokan enthusiasm for business stood the ambitious entrepreneur.

ENTREPRENEURSHIP AND GOROKAN SOCIETY

Many writers have stressed that entrepreneurs commonly arise from marginal, dissident, or reformist groups. For example, in his famous analysis The Protestant Ethic and the Spirit of Capitalism, Weber (1930) stressed that the entrepreneurs behind the development of modern capitalism were representative of a new kind of man, born of the Protestant Reformation and imbued with Calvinist ideas of the value of hard work and capital accumulation.

The first generation of Gorokan entrepreneurs that I met in the late 1960s were not at all marginal to or alienated from their
own society. They were highly appreciated members of their individual clans and tribes who worked within the structure of traditional society to develop coffee plantations and other enterprises. If anything, Gorokan society can be considered to have been pre-adapted for the emergence of entrepreneurship once the people were exposed to market opportunities.

Leadership in traditional Gorokan society was achieved rather than ascribed. There were no hereditary chiefs or fixed social classes. Leadership was informal in the sense that it was exercised by individuals who had earned the title of "big man," or "man with a name," and thereby a following. Although women were excluded from the general leadership roles, virtually any man had a chance to become a big man. A man achieved this status because of his deeds, not because of his birth. Men gained repute by being brave warriors, by being especially persuasive orators, and above all by becoming wealthy and successful in economic activities. Most relevant to this analysis is the economic road to leadership.

The ambitious man strove to become wealthy and to become prominent in the ceremonial exchange system. To begin a career based on wealth and its circulation, a young Gorokan first had to amass pigs, the basic locally produced wealth item in the exchange system. This was done through a combination of "home production" and "finance."

Home production normally came first. For this a young man needed at least one sow, land for growing sweet potatoes (the main pig fodder), and female labor for tending the gardens and pigs. Although he might at first be able to prevail upon his mother or sisters for help, a man on the way up had to marry. Building up a pig herd took time because a portion of the pigs produced had to go toward paying off initial debts for breeding stock and for paying back those who had donated pigs and other items toward his brideprice. Furthermore, as his pig herd grew and particularly as he acquired more wives to feed and care for the herd, his financial obligations grew in the form of repayments and in donations for marriages and other ceremonial occasions.

Once a man had demonstrated that he could successfully breed pigs, repay his debts, and manage his other obligations, he was in a position to expand his wealth by "financial" means.
Pigs could be advantageously traded to others who needed them for ceremonies in exchange for shells and other valuables. Pigs also could be loaned to younger men anxious to start their own careers or farmed out to relatives. By loaning and farming out pigs, the owner stood to gain considerable "interest" in the form of pigs, which, especially if the loans were not immediately repaid in full, could considerably augment his herd.

A man who had begun trading in pigs and other valuables, as well as loaning pigs to others, had gone beyond mere wealth accumulation. He had started weaving a network of ties that, if shrewdly exploited, would create a political following composed of trade partners and those indebted to him. He could further add to his reputation and following by organizing the pooling of his clansmen's contributions for weddings, and other occasions for wealth exchange by supervising the distribution among his clansmen of goods received during these occasions, and, above all, by personally making the major contributions of pigs, shells, and other valuables.

This arena of ceremonial exchange shows how individual and group ambitions were complementary. The clan needed the contributions and organizing skill of the big man to uphold its honor, while the big man needed a socially sanctioned context in which he could further enhance his prestige. Followers did not, therefore, begrudge the support they gave to a powerful big man, for his success was also the group's success.

The resultant leadership system was competitive and fluid. At any one time several men in a clan or group of related clans might be competing for leadership. And even if one man became preeminent, his position was tenuous in that it depended on his ability to manage efficiently all his assets and the complex web of obligations he had built up. If a man lost economic ground through mismanagement, loss of vigor, or whatever, he lost repute and his following dwindled. When a man died, his fortune would be redistributed among his clansmen and exchange partners from other clans rather than passed on to his children or other heirs. Furthermore, even though a son of a living big man might have an edge in access to pigs and other valuables, to become himself a big man he still had to have the leadership qualities and perseverance required to achieve that status. Accordingly, there was no hereditary class of leaders.
THE FIRST GENERATION OF GOROKAN ENTREPRENEURS

During my first visit to Goroka in 1967, I discovered that there was a new type of big man, represented by those who were widely recognized throughout the area as being pioneers in the new cash economy. They were known as "big men of business" (bikpela man bilong bisnis in Pidgin), a term that I translate as "business leader." In order to understand their entrepreneurial role more fully, I selected the ten most prominent modern leaders for intensive study. Table 1 shows the assets of these business leaders. Although their assets were then minor in comparison with those of most expatriate planters and businessmen in the area, they were far greater than those of their fellow Gorokans. For example, whereas the average coffee holding in Goroka was about 450 trees, the plantations of the business leaders averaged more than 9,000 trees. Furthermore, all these business leaders had diversified into trade stores, trucking, or other enterprises and had incomes far in excess of their clansmen.

These men were not, however, traditional leaders who themselves had made the transition to leadership in the cash economy. Traditional big men were too involved with the old way of

Table 1. Assets of ten Gorokan business leaders

<table>
<thead>
<tr>
<th>Name</th>
<th>Coffee trees</th>
<th>Trade stores</th>
<th>Trucks</th>
<th>Cattle</th>
<th>Restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinake Giregire</td>
<td>24,000</td>
<td>1 (1)</td>
<td>1 (2)</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Akunai Rovelie</td>
<td>18,000</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Apo Yeharigie</td>
<td>12,000</td>
<td>0</td>
<td>1 (1)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Bin Aravaki</td>
<td>7,800</td>
<td>(1)</td>
<td>(1)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Soso Subi</td>
<td>7,500</td>
<td>1</td>
<td>2 (1)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wale Kabiliha</td>
<td>6,900</td>
<td>2</td>
<td>1 (1)</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Bimai Noimbano</td>
<td>6,700</td>
<td>(1)</td>
<td>4</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Bono Azinapfa</td>
<td>5,100</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Sabumei Kofikai</td>
<td>2,000</td>
<td>1</td>
<td>1</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td>Hari Gotoha</td>
<td>1,400</td>
<td>1</td>
<td>2</td>
<td>10</td>
<td>1</td>
</tr>
</tbody>
</table>

*Numbers in parentheses indicate trade stores now closed or trucks no longer operating.
life and too inexperienced in the new ways to become successful entrepreneurs in the cash economy. In contrast, all the accomplished business leaders had experienced an unusual degree of contact with the outside world—even though some had literally been born in the Stone Age, that is in the period they called the "time before" (taim bipo) the first European contact occurred in 1930. Table 2 indicates that all had some formal schooling or cash employment or both. Although by today’s standards, their exposure to new ways might seem slight, 20 years ago they were the Gorokan men who were the most sophisticated about the outside world.

Nonetheless, despite their sophistication and their concentration in the market economy rather than the traditional one, these business leaders were actually following a career trajectory analogous to that followed by the traditional big men. Instead of working their way to the top through pig raising and ceremonial exchange, they had gained their status through cash cropping and other commercial activities. In the way in which they started

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<thead>
<tr>
<th>Name</th>
<th>Years of schooling</th>
<th>Private employment</th>
<th>Public employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinake Giregire</td>
<td>8</td>
<td>mechanic</td>
<td>Agriculture station helper</td>
</tr>
<tr>
<td>Rovelie Akunai</td>
<td>9</td>
<td>—</td>
<td>Schoolteacher, clerk, prison guard</td>
</tr>
<tr>
<td>Apo Yeharigie</td>
<td>—</td>
<td>servant</td>
<td>—</td>
</tr>
<tr>
<td>Bin Aravaki</td>
<td>1</td>
<td>—</td>
<td>Carrier on patrol expeditions, policeman</td>
</tr>
<tr>
<td>Soso Subi</td>
<td>—</td>
<td>—</td>
<td>Village headman</td>
</tr>
<tr>
<td>Wale Kabiliha</td>
<td>6</td>
<td>servant</td>
<td>Medical assistant</td>
</tr>
<tr>
<td>Bimai Noimbano</td>
<td>—</td>
<td>plantation laborer</td>
<td>Agriculture station helper</td>
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<tr>
<td>Bono Azinapfa</td>
<td>0.5</td>
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<td>Village headman</td>
</tr>
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<td>Sabumei Kofikai</td>
<td>8</td>
<td>—</td>
<td>Schoolteacher, agric. extension worker</td>
</tr>
<tr>
<td>Hari Gotoha</td>
<td>—</td>
<td>servant</td>
<td>—</td>
</tr>
</tbody>
</table>
out with minimal resources, built up their holdings through hard work and skillful recruitment of support from their clansmen, and then converted their economic accomplishments into political capital, these men were following the style, if not the substance, of traditional status mobility.

The case histories of Sinake Giregire and Hari Gotoha, two of the most outstanding entrepreneurs in this first generation of business leaders, illustrate how this new type of big man built up his economic standing.

**Sinake Giregire**

Sinake Giregire was born in the mid-1930s, right after the initial European contact. He was one of the few boys in his village to enroll in the nearby Lutheran Mission school, and after two years he was sent to the coast to continue his schooling at the Lutheran Mission headquarters. At age 13, however, a near-fatal attack of malaria forced him to leave school to return to the healthier and malaria-free Highlands. Instead of returning to school there, he spent several years recuperating at home and then worked as a mechanic's helper for a small airline operating out of Goroka. He worked there for three years, after which time he briefly held a job at the Aiyura agricultural experiment station. Then at age 20 he decided to go into business for himself.

While working in Goroka, Sinake had tried to start a coffee plantation in his village, but his youth and lack of accomplishment meant that he could obtain only enough land and labor to plant a small coffee plot. Thus to build up his capital and demonstrate his business ability, Sinake turned to lumbering. Observing the demand for timber needed to build administrative facilities, Sinake took his meager savings, purchased a hand-operated pit saw, and hired some local boys as laborers. He could not, however, compete with the power-equipped sawmills owned by expatriates, so he abandoned this enterprise to try his hand at panning gold. With a crew of about six laborers he worked streams from one end of the district to the other until by 1958 he returned to his home village with some A$1,800 in savings.

Sinake's clansmen were now impressed by his accomplishments and the amount of money he had accumulated, and were therefore willing to overlook his youth and accede to his request
for land. Accordingly, they allocated a large tract of land to him for planting coffee, and many provided assistance and even contributed to his capital. Sinake then used the money to purchase tools and planting material, and hired a crew of laborers from the adjacent Chimbu Province to help him and his clansmen to clear the ground, set up a nursery, plant the seedlings, and then care for the maturing coffee trees. The resultant plantation, which in the late 1960s had about 24,000 bearing coffee trees, was the largest coffee property owned by any Gorokan, and probably was the largest owned by any Papua New Guinean at that time.

Like many of the other business leaders who had got their start in coffee, Sinake invested some of his profits in trade stores and trucks. His ambition, however, was to have his own coffee factory for processing “cherry coffee” (the ripe coffee berries) into “green coffee” (the unroasted beans from which the pulp and husk have been removed). He planned to process his own coffee in the factory, as well as to buy and process coffee grown by other Gorokans. In this way he hoped to earn a substantial profit by selling the processed green beans directly to exporters. During 1969-70, with the aid of one of the first major bank loans given to a Gorokan, Sinake was able to erect his factory—the first to be built by a Papua New Guinean—and to start buying and processing coffee on a large scale.

In addition, Sinake converted his economic success into political capital, both in the traditional sphere and in the formal arena of electoral politics that had recently been introduced by the Australian administration. He was elected president of the local government council and the member representing his area in the newly inaugurated national House of Assembly. His political career was not all that unique, however. Among the ten major Gorokan business leaders, seven either had been elected to their local government councils, or had run or been elected to the House of Assembly; two others had been elected to both bodies, as had Sinake.

Hari Gotoha

“It all started with thirty cents of self-rising flour;” was how Hari Gotoha began telling me the story of how he got into business. Unlike Sinake Giregire and the other major business leaders, Hari
Business Development in the Highlands of Papua New Guinea

was not able to start out with a large coffee holding because his clan had sold much of its land to the administration to establish the Goroka township and was therefore relatively land poor. Instead of following the coffee route to success, Hari was forced to build up his business holdings by catering to the nascent market among Gorokans for goods and services in the new economy.

Continuing his story, Hari told me that one day in 1959, when he was a young man employed in Goroka township as a personal servant for an expatriate administrative employee, he went out to buy some flour. Using his employer's stove while she was at work, he baked some scones, which he sold at the local market. He then reinvested his profits into buying more flour, sold more scones, and so on until he had a flourishing business—so flourishing, in fact, that his employer suggested that he quit working for her and devote himself full time to the baking and selling of scones. This he did, earning some A$600 in his first year, which he used to set up a small bush restaurant on his land. Located just across the road from the Goroka market, this land was an ideal location to attract Gorokans with a desire to taste scones and the other European-style foods sold there.

From his profits, he built a trade store on his property, the first one in the town to be owned by a Gorokan. Then, a few years later, after prompting by the local health authorities, he put A$5,000 of his savings into a new restaurant built with modern materials and equipped with running water, electricity, a modern stove, and a refrigerator-freezer. Later, as more profits came in from his combined enterprises (which by then included an interest in a small coffee property and a small herd of cattle), Hari started a trucking business to haul freight between Goroka and the coastal port of Lae along the newly opened Highlands Highway. Then in 1968, he built a large retail store costing some A$25,000 at the site of his old store across from the market, and began earning a good profit on goods that he trucked up from Lae and sold at a healthy markup to Gorokans who preferred to trade at his store rather than any other town stores, which at that time were all owned by expatriate businessmen.

Because of his economic success, Hari was looked up to by his fellow Gorokans. Unlike Sinake Giregire and most of the other major business leaders, however, Hari had not run for political
office, nor had he any desire to do so. In fact, he was politically somewhat in the shadow of Soso Subi, a prominent business leader and fellow clansman, who had financially backed many of Hari’s ventures and who was influential in both the traditional sphere and the local government council.

**BUSINESS LEADERS AND THEIR CLANSMEN**

When I started my initial study in 1967, it was tempting to consider Sinake, Hari, and the other business leaders as individualistic entrepreneurs who had successfully disengaged themselves from clan life, with all its traditional entanglements and obligations. Certainly, some of the local expatriates, anxious to see the emergence of indigenous businessmen in the Western, individualistic mold, regarded them as such. After an investigation of their business careers, however, it became apparent that these men were still integral members of their respective clans, and that in many cases the direct support of their clansmen had been crucial to their success.

This support took the forms of being allowed access to land, of obtaining direct help in coffee planting, and of being able to garner contributions in cash and in kind. For example, to plant a large coffee holding, a would-be business leader typically had to convince his relatives and other clansmen to let him have more land than normally would accrue to an individual. He also had to appeal to his clansmen for assistance in clearing the land and planting the coffee trees. In addition, the up-and-coming business leader often received cash contributions and donations of goods from his clansmen, which he used to help start his enterprises.

Even Sinake Giregire and Hari Gotoha, the business leaders who appeared to be the most individualistic, admitted that support from their clansmen was crucial in building up their holdings. Sinake, for example, was able to prevail on his clansmen to grant him title in the administration land court to the acreage he needed to develop his coffee plantation. He even collected money from some of them to supplement his savings. Then when he first planted coffee, he was able to get some of his clansmen
to work for him for either minimal wages or no wages at all. Similarly, behind the individualistic front that Hari liked to present to curious expatriates, there lay a history of major cash contributions to his enterprises from fellow clansmen.

This level of clan participation does not mean, however, that these coffee plantations, stores, and trucking ventures should be considered primarily as group enterprises. Although group support was vital, it should not be emphasized to the point of ignoring the entrepreneurial drive crucial to these enterprises, and indeed the whole Gorokan effort to participate in the cash economy. In soliciting cash and other contributions from their clansmen, for example, these business leaders were tapping the only source of capital then available to them—since they were then virtually barred from receiving bank loans. While the clan milieu in which these business leaders were operating might seem exotic, they were fulfilling the entrepreneurial function basic to any setting: that of recognizing new opportunities and mobilizing resources to exploit these opportunities.

To some expatriate observers, however, this garnering of local resources by the business leaders amounted to the exploitation of their clansmen. Yet the fact remains that clansmen were often willing to lend considerable support to one of their members so that he could build up his business enterprise and achieve a level of affluence far beyond their own. Why was this? Why didn't each man keep all his resources for his own use, instead of giving some to a business leader?

The answer to these questions lies in the motivation behind investment. Aspiring business leaders were interested in acquiring the prestige of becoming big men and perceived commercial activity as the main way to do so in the new social order. However selfish and individualistic this motive might seem, it must be remembered that they were still members of clans and other traditional social groups, and that any prestige they might acquire from commercial success would be at least partially shared by the other members of the group.

In traditional times, men of minimal ambition or skill were willing to support the pig-raising and wealth exchange activities of a big man. Similarly, in this first stage of economic transformation such men were willing to support a business leader in
his drive for commercial success and status. In both situations the performance of the leaders was also seen as the performance of the whole group.

In addition to an augmentation in status, clansmen also hoped to gain materially by supporting one of their members as a business leader. Some hoped for a share in the profits of the business, or access to credit in the business leader's store, or rides in his truck. Others felt, perhaps more realistically, that they stood to gain simply by having a business leader in their midst in that the leader could show them how to plant coffee and undertake other projects in the cash economy. In addition, clansmen expected that their business leader would contribute significantly in money as well as pigs and other traditional goods to feasts, bridewealth payments, and inter-group exchanges, which still dominated social life in the 1960s. They also expected him to pay school fees for their children, as well as the annual head tax.

These expectations tested an entrepreneur's skill at balancing the demands of his clansmen with the prerequisites of sound business practice. During this first stage of experimenting with business, many a Gorokan enterprise and an aspiring business leader foundered because the coffee profits were squandered, or because too much credit was extended at the store, or because the truck was used more for joy rides than hauling paying passengers and freight.

The successful business leaders with whom I discussed this issue agreed that controlling the demands of clansmen was one of their main problems, and that they constantly had to ensure that their largesse was limited to a level compatible with good business practices. Hari Gotoha, for example, explained to me that he could not refuse store credit to his clansmen, particularly those who had helped him get started. But he added that when they sold their coffee, he was right there on the spot to collect the amount owed to him.

ECONOMIC PROSPECTS FOR THE GOROKANS IN THE LATE 1960s

By the late 1960s, the Gorokans had a growing reputation as being "business minded." Yet despite their rapid entry into the cash
Business Development in the Highlands of Papua New Guinea

Economy and the undeniable success of their business leaders, Gorokans faced many problems in coffee and other enterprises.

Too many Gorokan enterprises either were operating below their potential or were failing because of a lack of technical and management skills. For example, while Gorokans may have enthusiastically planted coffee, many had not really accepted the necessity of regular fertilizing and pruning, as well as the maintenance of shade trees. Consequently, their output suffered. Similarly, many trade stores foundered because of unrestricted granting of credit, because of inadequate markups, and because of other elementary business mistakes.

The troubles that Gorokans were having with their coffee plantings and their stores, however, were relatively mild in comparison with their difficulties in trying to operate trucking ventures. Few Gorokans understood anything about the mechanical workings of the vehicles that they so blithely bought with their coffee money and about the necessity of regular maintenance. Notions such as setting aside a portion of their receipts for repairs and the eventual purchase of a replacement vehicle were largely foreign to them. Consequently, most trucking ventures lasted only a year or less—by which time, given the rough state of Goroka’s unpaved, pot-holed roads, the trucks typically had been wrecked or driven into the ground, with no funds having been set aside for their maintenance or the purchase of a new vehicle.

These problems were not surprising. Less than 40 years before, Gorokans had been totally ignorant of metal tools and money, not to mention the intricacies of the internal combustion engine or the notion of depreciation. A pressing question in the late 1960s was thus whether, through experience and some new programs that were beginning to be made available to them, they could learn how to operate their ventures in a more businesslike way, or whether the Gorokans were fated to be inefficient, if enthusiastic, participants in the new economy.

Related to this question was the issue of whether or not the Gorokan enterprises might have to be “disembedded” from the traditional cultural context in order for any degree of efficiency to be achieved, or whether the quasi-traditional nature of Gorokan business organization should be recognized and strengthened by legislation and new support institutions.
Overshadowing all such questions about the necessity and likelihood of change in Gorokan practices was the central fact that despite their considerable economic progress, Gorokans were still subordinate participants in an economy controlled by expatriate plantation owners and businessmen, and firms and market forces far removed from the Highlands. Even though in the late 1960s Gorokans were producing more coffee than the expatriate plantations, the latter processed virtually all the Gorokan coffee, which they in turn sold to expatriate-owned exporting firms. This expatriate economic dominance was nowhere more evident than in Goroka township, which had only one Gorokan enterprise, Hari Gotoha’s trade store and restaurant.

The airlines and all the regular long-haul trucking services connecting Goroka with the outside world were expatriate owned. The main retail and wholesale stores in town, as well as the automobile distributorships, lumber yards, hotels, and other major businesses, were all in expatriate hands. In addition, several Chinese merchants also had established retail stores on the northern edge of town. Although the Gorokans had made much progress by the late 1960s, it was nonetheless clear that they were still operating in a colonial context.

Moreover, at this time some friction was beginning between the expatriate-owned plantation sector and the Gorokan coffee growers. In many cases, relations between many plantations and the neighboring groups that had sold their land to form the plantations had soured, particularly where the personal tie between the original owner and the people had been broken upon the sale of the plantation to another expatriate or an expatriate-owned corporation.

In addition, both the Gorokans and the expatriates tended to blame overproduction and consequent marketing problems on each other. When the coffee industry was just getting started, Australia, representing Papua New Guinea, entered the International Coffee Agreement and secured the right for Papua New Guinea to sell as much coffee in the world market as Australia imported. In return, the Australian administration agreed to suspend agriculture extension services designed to encourage further coffee planting by Papua New Guineans, as well as to prohibit the granting of any more land leases to expatriates for coffee plan-
tations. However, as the Gorokans and other Papua New Guineans had greatly increased their plantings without the help of extension agents, and as expatriate plantations had expanded their plantings within the areas already leased but not hitherto planted, production by the late 1960s was threatening to exceed Australian consumption. Consequently, some influential expatriate planters in Goroka were calling for a ban on further plantings by Papua New Guineans, a proposal that did nothing to help the already deteriorating relations between the two sectors of the industry.

Inasmuch as coffee was the basis for Gorokan prosperity, the overproduction and consequent marketing problems that developed in the late 1960s threatened that prosperity. Thus it was difficult to be optimistic about the Gorokans' continued rapid economic growth. Some observers, who were worried about the danger of depending on a single crop, particularly one so subject to world overproduction, were downright pessimistic.

For example, Diana Howlett (1973), a geographer who had been studying the Goroka valley throughout the 1960s, considered that the Gorokans were doomed to the fate of many other Third World peoples who had become dependent on the production and export of tropical commodities. She saw a faltering coffee industry that, combined with population growth and consequent land shortages, was leading the Gorokans into "terminal development." The Gorokans, she claimed, were stagnating at the level of a dependent peasantry, and "an infinite pause" in development was settling over the valley of Goroka.

**GOROKA IN 1986**

If there was a pause in Gorokan development, it was hardly infinite. When I returned to Goroka in mid-1986, the changes that greeted me mirrored the contrast between the sleek jet aircraft of nationally owned Air New Guinea that brought me there and the venerable DC-3 operated by an Australian airline in which I first arrived 19 years earlier. Evidence of considerable local economic growth and the increased affluence of the Gorokans were immediately apparent when I walked through the town and saw store after store packed with Gorokan customers, whereas be-
fore virtually the only Gorokans seen in a downtown retail establishment were those who swept the floors.

To be sure, many of the establishments are still in expatriate hands, such as the retail stores of the old trading companies: Burns Philp, Carpenters, and Steamships. But where previously Hari Gotoha's trade store was the only Gorokan-owned business establishment located in town, now Gorokan-owned stores and other establishments are common sights. In some cases, Gorokans have purchased businesses previously owned by expatriates. In other cases, Gorokans have put up their own buildings and have started their businesses from scratch. Even in the banking sector, formerly monopolized by Australian banks, there is evidence of a degree of localization. Although only two out of the five banks in town are in Papua New Guinean hands (the government-owned Papua New Guinea Agricultural Bank and the Papua New Guinea Banking Corporation), the other three, foreign-owned, banks are renting space in two of the most substantial buildings in town, both owned by Gorokans.

The Gorokans also seemed to have somewhat braked their penchant for prestigious but unprofitable trade stores and trucks, at least judging from appearances. The number of trade stores did not seem to have kept pace with increased local incomes, and many of the stores that I visited seemed much better run than before. Similarly, the Gorokans seem to have gone a long way toward learning how to maintain their trucks and operate them more efficiently. Where before fairly new trucks were frequently abandoned for want of a minor repair, now a Gorokan, wrench or screwdriver in hand, often can be seen bending over his truck's engine making some repair. I even met one businessman who was driving the same truck that he had bought used in 1970.

Even more impressive is the degree of localization in the coffee industry. All the expatriate plantations are now owned by Gorokans, with the exception of one owned by an Australia-born planter who has become a citizen of Papua New Guinea and another owned by a national politician from the neighboring Chimbu Province. Furthermore, all the coffee buying and processing—the lucrative sectors of the industry that formerly had been virtually monopolized by expatriates—are being done by
Gorokan individuals and firms or by national firms in which Gorokans have an interest. Even in exporting coffee, the part of the industry that requires the most capital and business experience, Gorokans have a stake in the two largest firms serving the district and other coffee-growing areas in the Highlands.

Output has not declined with the localization of the coffee industry. Because coffee from other districts is processed in Gorokan factories, it is difficult to determine the exact amount of coffee now grown by Gorokans. A conservative estimate, based on statistics supplied by the Papua New Guinea Coffee Industry Board, is that Gorokans now produce over 10,000 tons of green bean coffee, more than four times the amount they produced in 1967-68.

While the degree of localization (and nationalization in the sense of ownership by other Papua New Guineans or by the national government) is far from total in Goroka, from the perspective of the 1960s the progress is just short of amazing. At that time, for example, many members of both the Australian administration and the expatriate business community had grave doubts as to whether the coffee industry could survive even a partial takeover by Gorokans. Furthermore, the idea of Gorokans owning multi-million dollar businesses, which is the case now, was never even discussed. Evidently, however, some Gorokan business leaders not only harbored thoughts of forging ahead in the coffee industry and other enterprises, but also have been able to implement their dreams.

**TRANSFORMATION IN THE COFFEE INDUSTRY**

In the late 1960s, many expatriate individuals and firms had expected to remain in control of their plantations, coffee factories, and exporting firms for at least the foreseeable future. They did not reckon, however, on Papua New Guinea's rapid political evolution to complete independence in 1975, or on the equally swift way in which the new government would push for the localization of the expatriate sector of the coffee industry.

In 1972, the coalition government headed by Michael Somare, which was to bring the country to independence, adopted a de-
velopment policy consisting of eight aims, the first of which called for a "rapid increase in the proportion of the economy controlled by Papua New Guineans and the proportion of personal and property income that goes to Papua New Guineans" (Baldwin 1978:65).

In the plantation sector of the economy the vehicle to imple­ment this policy was the Plantation Redistribution Scheme whereby the government undertook to buy plantations from expatriate owners and return them to indigenous interests. Although this scheme was originally designed to take back plantations in coastal areas that were extremely land short, it was extended to other areas such as Goroka as a means of transferring back to indigeneous hands all plantations originally owned by expatriate individuals and firms.

In Goroka the implementation of this scheme (whereby the government bought out a plantation and then sold it to a local individual or group), or the prospect of its implementation, led to the transfer to Gorokan hands of virtually all the plantations during the 1970s (Mitio 1981:182). In some cases, the plantations were purchased by an individual Gorokan business leader, or by companies largely owned by a business leader. In many cases, however, the plantations were purchased, directly or indirectly, by an entirely new type of organization, which is described below, called a "business group."

NEW INSTITUTIONS TO AID GOROKAN BUSINESS

In the late 1960s, the Australian administration and the expatriate business community were doing little to aid Gorokans to go into business. To be sure, a lone Business Advisory Officer was stationed in Goroka, but he was an ex-patrol officer with little business knowledge or experience and was also charged with the impossible task of fostering business among the several hundred thousand people of both the Eastern Highlands and neighboring Chimbu districts. After I left Goroka in 1968, the administration began expanding its services to help local businessmen. This effort, which accelerated with self-government in 1973 and then
independence in 1975, has involved the development of new offices and institutions to aid business development.

The Office of Business Development
The lineal descendant of the one-man business advisory service of the late 1960s is the Office of Business Development, now located in a long, concrete-block building in Goroka township. As part of the Division of Commerce of the Eastern Highlands Department, it is staffed by Papua New Guineans who serve the population of Goroka and other parts of the province. The office does not normally deal with established Gorokan coffee planters and businessmen. Instead, it concentrates on individuals and groups that need help in starting and operating their enterprises.

As Table 3 indicates, the office works more with groups than individuals. Youth groups, business groups, and proprietary companies are the most common forms of organization involved. Apart from youth groups, which are usually organized for fundraising purposes, the most important forms of organization used by the office’s clientele are business groups and proprietary companies, which are corporations restricted to no more than fifty shareholders. Although, as is discussed below, some Gorokans are involved in unrestricted corporations, none of these has been formed with the help of the Office of Business Development.

One of the primary tasks of this office is to develop a business plan for the specific activity that their clients wish to undertake. Once that plan has been developed and the capital requirements and other financial dimensions have been calculated, the office helps its clients to secure a loan, typically from

<table>
<thead>
<tr>
<th>Table 3. Individuals and groups served by the Office of Business Development, Goroka as of August 1983</th>
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</thead>
<tbody>
<tr>
<td>1. Sole traders</td>
</tr>
<tr>
<td>2. Partnerships</td>
</tr>
<tr>
<td>3. Business groups</td>
</tr>
<tr>
<td>4. Proprietory companies</td>
</tr>
<tr>
<td>5. Corporations</td>
</tr>
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</table>
the Papua New Guinea Agricultural Bank. For example, a group of Gorokans, usually relatives or at least fellow clansmen, can approach the office for help in developing coffee on land to which they all have rights. These small coffee properties, known as “coffee blocks,” are typically in the 50- to 70-hectare range. Once the office has helped the group to organize themselves and to register as a formal business group, it arranges to have the land surveyed and assessed for coffee potential, and then helps the group to draw up a business plan and apply for a loan. The business group need not put up cash to secure the loan; “sweat equity” in the form of labor for clearing, fencing, and planting the land may be considered sufficient. Once the loan is received, however, the business group is required to contract with professional managers to oversee the property.

The Papua New Guinea Agricultural Bank

In 1967, the Australian administration started a development bank for loaning money to projects, including small businesses run by Papua New Guineans. It took several years before it began to operate in Goroka, and did not really become a significant source of development funds until the late 1970s. Recently, to emphasize the current government focus on rural development, the bank has been renamed the Papua New Guinea Agricultural Bank.

Table 4 lists the loans granted by the Papua New Guinea Agricultural Bank to Gorokans from February 1978 to May 1986, excluding those for purchasing coffee plantations and developing coffee blocks.

Although I was not able to obtain the up-to-date figures for the total amount loaned for the purchase of existing coffee plantations and for the development of coffee blocks, as of August 1983 the Office of Business Development had processed 48 coffee loans for a total of K3,393,583. (In mid-1986 the Kina of Papua New Guinea equaled US$1.07. Thus, K3,393,583 equaled US$3,631,134.) The total to mid-1986 would therefore probably be well in excess of that loaned out for the hire-purchase of vehicles.

In addition to being able to obtain loans from the agricultural bank, Gorokans have for some years been able to obtain
Table 4. Loans to Gorokans from the Papua New Guinea Agricultural Bank, February 1978 to May 1986 (excluding loans for coffee development)

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<thead>
<tr>
<th>Purpose</th>
<th>Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Hire purchase (trucks for coffee buying, hauling, and passengers)</td>
<td>199</td>
<td>K4,614,050*</td>
</tr>
<tr>
<td>2. Equipment finance (freezers, coffee pulpers, generators, second-hand vehicles, etc.)</td>
<td>71</td>
<td>577,064</td>
</tr>
<tr>
<td>3. Commercial and industrial undertakings (mostly for building and stocking trade stores)</td>
<td>67</td>
<td>244,340</td>
</tr>
<tr>
<td>4. Small rural loans (under K10,000)</td>
<td>106</td>
<td>403,718</td>
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</tbody>
</table>

*The current unit of currency in Papua New Guinea is the kina. In mid-1986 K1.00 equaled US$1.07.

loans from the local branches of commercial banks: the government-owned Papua New Guinea Banking Corporation, the Midpac Bank, the Bank of Australia and New Zealand, and the Bank of Indo-Suez. Although some business groups have obtained loans from these banks, the biggest Gorokan borrowers have been individual businessmen and the companies that they have organized.

Business Groups
The business group is a unique Papua New Guinean corporate form, based on enabling legislation passed in 1974, just prior to independence. The rationale for this legislation was to provide Papua New Guineans with a recognized organization that would enable a clan or other customary group to do business as an incorporated company, yet would not be so complicated that it would be beyond a group of villagers to form and operate. Business groups in Goroka are typically formed by members of a clan or other traditional group who incorporate with the help of the Office of Business Development. Their incorporation as a business group enables the members to borrow money and provides them the benefit of limited liability, but does not require extensive and complicated recordkeeping and reporting.

In Goroka business groups have been used to initiate and operate many types of businesses, as well as to develop coffee
blocks and purchase coffee plantations formerly held by expatriates. In two cases discussed below, several business groups have joined together and put up money to form large holding companies for the purposes of buying out plantations and engaging in other business activities.

**Plantation Management Agencies**

When plantations were turned over to Gorokans or when the government took over a plantation to hold in trust until local buyers could be found, the need for efficient management services became acute. This was a national as well as a Gorokan problem, for the same need arose in the case of coffee, copra, and cocoa plantations elsewhere in the country. The government’s response was to form a statutory body, the National Plantation Management Agency (NPMA), to provide, for a fee, the needed management services.

In Goroka the NPMA still has contracts to manage transferred plantations. This arrangement normally involves hiring a resident manager and other staff to manage the plantation, as well as providing accounting and other expert services. Some of these managers have been Australians and other expatriates formerly involved in the coffee industry. Many new managers, however, have been hired, including men with extensive plantation experience who have been brought in from India, Sri Lanka, and the Philippines. In addition to managing these plantations, the NPMA also oversees coffee blocks being developed by business groups.

In fact, whenever the Papua New Guinea Agricultural Bank or one of the commercial banks grants a loan for the purchase or development of a coffee property the bank requires that an expert manager or management agency be hired to operate the property. The individual or group receiving the loan is not required, however, to contract with the NPMA for management services. Some managers have been hired directly to oversee plantations, and three non-governmental firms, all owned partially or wholly by Gorokans, offer management services similar to those of the NPMA. The entry of Gorokans into the plantation sector has thus spawned a new service industry in the valley.
"Straight Fashion" Stores
The retail store, located in urban centers and catering primarily to Papua New Guineans, has been another target for localization. With the coming of independence the owners of these stores, most of whom were Australian or Chinese merchants, were as anxious to sell out as the government was to transfer their stores to indigenous hands.

Given the general lack of capital and management skills among Papua New Guineans, the government has instituted a special program to facilitate this transference, called the stret pasin stoa scheme or the "Straight Fashion Store" scheme. ("Straight fashion" refers to operating a store in the proper manner so that the customers can obtain good value for their money and the store owner makes a profit.) Candidates chosen for the program are sent to a special school for training in retail operations, then assigned to a store that has been purchased by a loan from the Papua New Guinea Agricultural Bank. The candidate then works in the store under close supervision until such time as a determination of his suitability as a store owner can be made.

If the candidate is judged a good risk, the store is handed over to him to operate, under supervision, until the loan is paid off, at which time clear title is granted to the new owner. If a candidate is not able to run the store properly, it is taken from him and assigned to another candidate. Through this scheme virtually all of the small retail stores in Goroka township and elsewhere in Papua New Guinea, which had previously been owned by expatriates, have been transferred to Gorokans.

MAJOR FIRMS OWNED BY GOROKAN BUSINESS GROUPS

Although the activities of most business groups are limited to the operation of a coffee block or some other small-scale enterprise, two of the largest companies in Gorokan hands have been built upon a base composed of several business groups joined together. These are the Gouna Development Corporation and the Eastern Highlands Development Corporation.
Gouna Development Corporation
The largest and most impressive building in Goroka township is a sprawling, two-story structure with the words "Gouna Centre" emblazoned across the front in huge letters. This building is the headquarters and one of the major assets of a most unusual organization, the Gouna Development Corporation. Gouna is unusual in that it is one of the largest and most diversified corporations that is wholly owned by Papua New Guineans, and has been built upon a base formed by contributions from thousands of Gorokans.

In the early 1970s, as talk of independence and the transference of expatriate assets was growing, several Gorokan business leaders, including Hari Gotoha, began to discuss ways by which Gorokans could take over expatriate plantations and other enterprises and develop new ones. From the start these leaders were interested in developing a broadly based organization that would involve the majority of the people, not just themselves. Accordingly, they began collecting money from villages throughout Goroka. These collections, Hari recalls, were difficult because many people needed to be convinced that by joining together they actually could buy out and operate expatriate enterprises.

While the business leaders themselves and other relatively well-off Gorokans could contribute significant amounts of cash, many villagers could give only small amounts. Some brought old hoarded coins, including a few dating back to the former German administration established on the northern coast prior to World War I. Others who had no money gave sweet potatoes, pigs, and other goods, which were then sold and the money added to the cash contributions. In this way, the organizers were able to collect from some 2,000 individuals over K100,000.

The name they chose for their organization, Gouna, is indicative of the group's ideology. It can be interpreted two ways, each of which stresses the group concept. In the local Gahuku language, Gouna means "we are brothers and sisters together," or more simply, "united." It also stands for, and is composed of letters from, the three geographical areas of the district from which the members are drawn: Goroka (meaning the region immediately around the township), Unggai, and Bena.
In 1975, with the aid of the provincial Office of Business Development, the organization formally became the Gouna Development Corporation. At first, it was structured as a proprietary company, owned by seven business groups and one proprietary company, which, in turn, were owned by the thousands of contributors. Recently, however, Gouna has been reorganized as a corporation to make it more flexible than a proprietary company and easier to increase its capital.

In 1977, Gouna purchased, with the aid of bank loans, two expatriate plantations: Erinvale, Jim Leahy’s former plantation, and Lahamenego, a plantation that also included a poultry and egg business. Since then, Gouna has expanded the latter to make it the country’s most modern and productive facility for producing eggs, as well as acquire or develop a range of other enterprises. These include an automobile and truck agency, a service station, a tire and battery service, an oil products agency, a sporting goods shop, an insurance agency, a printing company, the Gouna Centre, which rents space to two major banks and several retail stores and other businesses, and a management service for coffee blocks.

Most recently, Gouna has acquired a majority interest in the second largest coffee-exporting firm in the country, and also is about to start manufacturing its own egg cartons. Although the management is hesitant about giving an exact figure, the company and all its subsidiaries and holdings must have a net worth of at least between K5,000,000 to K10,000,000.

There is a clear separation of ownership and management. Hari Gotoha, Auwo Kitauwo, and Isembo Olekevea are the executive directors of Gouna; they and nine other Gorokan leaders form the board of directors of the corporation. Although the executive directors and the other board members may set policy, they do not manage the day-to-day affairs. The general manager is Anders Berquist who, after helping the group while a provincial business development officer, resigned from government service to work for Gouna. He heads a management team composed of expatriates, except for the director of the plantation management agency who is a Papua New Guinean from the Western Highlands Province.
Eastern Highlands Development Corporation
Across the street from the Gouna Centre stands a two-story, L-shaped building housing shops on the ground floor and several offices on the second floor, including that of the Eastern Highlands Development Corporation (EHDC), the company that owns the building. The EHDC, like Gouna, had its roots in the desire to purchase expatriate plantations, and was set up in a way similar to the other corporation. The two organizations differ in that the EHDC has remained essentially a holding company for coffee plantations. It does not manage its coffee plantations, and it has not diversified into other activities.

One of the prime movers behind the formation of the EHDC was Akepa Miakwe, a business leader from the Bena region east of Goroka, who ranked in business reputation just behind the ten entrepreneurs I focused on during 1967-68. In 1973, while he was serving in Port Moresby as a Member of the House of Assembly representing Bena, he was impressed by how Michael Somare and others pushing for independence talked about the forthcoming exodus of expatriates and the inevitable takeover of their businesses by nationals.

Thus upon coming home to Bena, he tried to persuade his constituents to pool their money to buy out the expatriate plantations in their region. The people, however, did not quite believe that they could indeed buy back the plantations, and he was able to collect only a few thousand kina.

The following year, however, the mood was different. Papua New Guinea had been granted self-government, and complete independence was soon to be a reality. The Bena people saw that many expatriates had already left and that more wanted to leave. Akepa was accordingly able to raise much more money, and with the subscribed capital plus loans from the local savings and loan society and the government, the EHDC was able to buy out four plantations.

Now the EHDC owns nine plantations, plus three coffee factories and its building in town. These assets are worth at least K3,000,000, and the bank loans used for their purchase are almost paid off. In addition, the EHDC owns a minority share, perhaps worth upward of half as much as their plantation holdings, in the Angco Corporation, a nationwide firm that has its head-
quarters in Goroka. Angco, in turn, manages—for a fee—all of the EHDC coffee plantations.

Angco is the largest Papua New Guinea firm in the field of exporting cash crops. It normally handles about 40 percent of the country's coffee exports and much of its cocoa as well. Although formerly Angco was owned by Australian individuals and firms, now it is largely nationally owned. The largest shareholder is the Papua New Guinea Development Corporation, a statutory body created by the national government to purchase companies such as Angco in critical sectors of the economy. In addition to the EHDC plantations, Angco manages several other Gorokan-owned plantations and coffee blocks, as well as coffee and cocoa plantations and blocks elsewhere in the country.

BUSINESS LEADERS
OF THE 1960s REVISITED

Of the ten most prominent Gorokan entrepreneurs in the late 1960s, only Hari Gotoha and Sinake Giregire are considered to be prominent business leaders today. Two of the original ten have died. Several are elderly and have largely retired from economic life; the remainder, though still fairly vigorous, are not generally thought to have kept up their leadership in business affairs.

Even though Hari Gotoha and Sinake Giregire are still regarded as leading businessmen, their relative status has fallen because they each have had difficulties in managing their enterprises and because a generation of new and seemingly more successful entrepreneurs has emerged during the last decade.

Hari Gotoha
When I talked about business with Hari in the late 1960s, he often spoke of how he wanted to get his siblings and children involved in his business ventures. To facilitate that end, he has sponsored the education of the most able of his younger siblings, children, and other relatives at various technical colleges and the University of Papua New Guinea.

His dream of a cohesive family business organization has not, however, worked out. His younger brother Pepe, who received a degree in accounting from the university, often advises him on
business, but he has left Goroka to pursue business opportunities in Lae and Port Moresby. None of Hari’s children or relatives has proved to be able and reliable managers of his enterprises.

After some dispute, his clansmen have taken over the coffee property that he had helped to develop during the 1960s. Hari is no longer in the trucking business; he has converted his restaurant into his house; and his trade store, once a model of Gorokan enterprise, is now virtually an empty shell, selling mostly fried snacks and other fast food. An ambitious piggery project that he started in the 1970s has failed; when he lost his lease on a commercial building, he was forced to close a tire sales and repair shop he had also started in that decade.

Hari has not retired from all business activities, however. He is part owner of a large coffee block being developed jointly with Sinake Giregire and others. He has a share in a large and profitable helicopter company. In addition, he owns a half-dozen or so rental properties.

In the early 1970s, a young expatriate helicopter pilot who had been working for a mining company wanted to start his own helicopter company in Goroka. He approached Hari for a loan to purchase a helicopter, which Hari readily granted. The resultant firm, Pacific Helicopters, has an expanding business in chartering helicopters to fly over the entire country, and to neighboring island states for mineral exploration and government work. Hari now owns a 10 percent share in the firm, is on the board of directors, and is delighted with the regular dividends he receives.

Lately Hari has been investing in real estate. The demand for rental housing greatly exceeds the supply in Goroka township, and Hari has recently been buying newly built houses, which he profitably leases out. He is no longer inclined to work the long hours that he did when he was starting his original restaurant and trade store, and he has been disappointed by the way in which his relatives have failed to manage his businesses properly. His hope now is that he can turn a good profit on rental properties, without all the problems of managing a retail venture.

In addition, much of Hari’s energy goes into the Gouna Development Corporation. Since I first met Hari, he has been against the idea that a business leader should stand above the other people. His stance stems partly from an idealistic belief that the
benefits of economic development should be widely spread, as well as from a healthy respect for the possibility of retribution, through sorcery or other actions, by less successful clansmen who might become jealous if he lorded over them.

Gouna has been a perfect vehicle for him to exercise his business leadership, yet to do so in the name of all the "brothers and sisters together." Thus while not totally neglecting his own interests, Hari is able to emphasize his role as a business leader for all the people.

Sinake Giregire

Sinake Giregire is no longer indisputably the leading businessman of the district. Since the late 1960s, when he was generally acknowledged as being the foremost Gorokan entrepreneur, Sinake has had his share of personal and business problems, and while he has faltered, other younger businessmen have advanced.

Nonetheless, Sinake is widely acknowledged for his pioneering role as being both the first Gorokan to have a coffee plantation that rivaled the expatriate plantations, and the first Gorokan to build his own coffee factory.

In addition, Sinake (through his firm of Gire Coffee Estates—in which he holds most of the shares) owns outright his original plantation that has grown to comprise 80 acres of mature coffee trees, the coffee factory, and a large store and coffee-buying facility located on the Highlands Highway.

Primarily because of a desire to avoid complications over land rights and management, Sinake did not become involved with the purchase of expatriate plantations. Instead, with Hari Go­toha and others he has developed another 50-acre coffee plantation, which will soon start production. He is now also developing a 200-acre coffee property at the eastern end of the province as a joint venture with the traditional landowners there. Except for a store and car repair shop located at his coffee-buying headquar­ters, Sinake has not branched out beyond growing, buying, and processing coffee. As he himself likes to say with some calculated modesty, "I am just a farmer" (mi fama tasol).

Sinake represented Goroka in the national Parliament both before and after independence, from 1964 to 1977, and now receives a pension for his services. During his tenure in office,
he also served as Minister for Agriculture and Minister for Posts and Telegraphs. His political duties and activities, and the associated social life that he enjoyed both in Goroka and Port Moresby, led him to neglect his commercial affairs.

During this period Sinake employed several expatriate managers who apparently had difficulty operating in the quasi-traditional commercial environment that Sinake had created. Consequently, the plantation suffered greatly, and for several years Sinake’s coffee-buying and processing business was completely shut down. It is only recently that his business has revived—under the management of an expatriate associate of the Busu Company, an aggressive coffee-buying and exporting firm that is jointly owned by a coastal Papua New Guinean and an Australian who has become a naturalized citizen.

Under the management agreement, the expatriate manager takes care of all the business in return for a share in the profits, and the Busu Company has the option to purchase all the coffee produced. This leaves Sinake with a handsome cash flow, plus free time to engage in his forte of local village and clan politics. This arrangement seems to be working well, as the manager states that last year they turned a net profit of K120,000 and that this year the profits should double. If this current management arrangement were to continue and be successfully extended to his new properties as they come into production, Sinake’s economic situation and reputation should improve still further.

Sinake, however, seems to be more motivated by political and social concerns than by narrow economic ones. He is proud of his long career in national politics, and now likes to talk about how he is an adviser to Prime Minister Paias Wingti. He is now talking about running for Parliament again, and toward that end spends much of his time in local politics. His political style involves generously donating money for funeral ceremonies, bridewealth payments, and other traditional events and requirements, as well as paying school fees for the children of relatives and supporters, buying beer for local parties, and making other “modern” expenditures that Sinake sees as essential to his role as a contemporary big man. It is this generosity that contributed greatly to his financial difficulties in the past, and that still remains, if uncontrolled, a threat to his solvency.
Although Sinake enjoys the image of a successful man, he, like his colleague Hari, does not want to stand too far above the people. Although Sinake could afford a grand house, he lives modestly in a small, one-room concrete block building with the most spartan of furnishings. And although he could easily buy fine clothes, he typically wears a nondescript pair of pants and shirt and often goes shoeless, like most rural Gorokans. He seems to be making a statement through his modest attire and living conditions that despite his achievements he remains one of the people.

A NEW GENERATION OF BUSINESS LEADERS

The day I returned to Goroka to conduct this study, I had lunch with the expatriate manager of Angco and the executive director, also an expatriate, of the Coffee Industry Association, a private group representing coffee growers, processors, and exporters. After I explained that almost 20 years earlier I had done research on the emergence of Gorokans into the world of coffee growing and business, and that I had been sent back to learn what had happened since then, they told me that several Gorokan entrepreneurs had emerged in the last ten years and represented what they called a “new generation” of business leaders. My lunch companions explained not only that these men had developed enterprises far larger than those of the business leaders I had previously studied, but also that they were more “businesslike” in the sense of being both more skilled in business practice and less involved with traditional exchanges and other facets of the culture that could interfere with efficient business operations.

That afternoon I ran into a Gorokan friend who was acquainted with my previous work there. When I explained my current mission, he began telling me of the new entrepreneurs who had emerged since my previous visit, reciting virtually the same names that my lunch companions had mentioned, and describing them in much the same terms. I then decided that during my brief stay I would try to track down and interview the most prominent of these men. This endeavor proved to be far from easy.

As active entrepreneurs, these men are almost constantly on the move, inspecting their plantations, driving down the High-
lands Highway to Lae or up to Mount Hagen in the Western Highlands Province, or flying off to Port Moresby or even to Australia to negotiate a business deal. Even when I managed to meet them, it was not always possible to talk with them. Like busy businessmen elsewhere, they have full days and tight schedules, and typically I had to be satisfied with a brief appointment some days later.

I present here the highlights of the careers of four of the most prominent of these new entrepreneurs, starting with Akapite Wamiri, Enoch Mole, and Apele Goso, as these three have had similar career trajectories. After expanding their business experience and capital through small enterprises, they all took advantage of the opportunity presented during the 1970s to buy out expatriate coffee plantations and create business organizations that they largely own and operate. After comparing these entrepreneurs with first generation Gorokan business leaders, I consider the case of Auwo Kitauwo, a new business leader who, like Hari Gotoha, is more interested in promoting group enterprise than individual business organizations.

**Akapite Wamiri**

Akapite Wamiri was born in 1939, nine years after Goroka’s initial contact with the outside world. In 1950, when he was 12 years old, he enrolled in the Seventh-day Adventist school near his home village of Kabiufa. In 1955, however, he had to quit school because his family had no money for the school fees then required for high school. Consequently, he and eight other boys spent nine days walking to Lae to find work in order to earn the required sum. There he took a job with an expatriate cutting grass, taking care of chickens, and doing other odd jobs—for £1.0.0. a month in Australian money. On weekends and any other free days he caddied at the local golf course, earning a shilling for each golf bag he carried.

After almost a year away, he returned home with £12.0.0. in savings, more, as he proudly recalls, than any of the other boys because they did not do the extra caddying work. He then paid the £5 fee for grade eight, banked the remainder, and started school again.

In 1962, Akapite took a teacher training course at the Seventh-day Adventist school, after which he worked as a teacher in the
Western and Southern Highlands. After several years away, he was called back to Kabiufa to teach in the government primary school that had just been opened near his home.

His ambitions, however, went beyond teaching. Ever since his own student days, Akapite had admired the business acumen of his neighbor, Sinake Giregire. So while teaching he began to save money from his meager teacher’s salary, plus additional amounts earned from doing carpentry work and odd jobs in Goroka township during weekends and vacations. In 1970, with A$1,600 saved, Akapite resigned. Together with A$200 given him by a clansman, Akapite then bought a used Land Cruiser from an expatriate returning to Australia. With the few dollars he had left, Akapite filled the gas tank and started carrying paying passengers around Goroka.

As his business expanded throughout the Highlands and then down to the coast, Akapite used his accumulating savings to buy first one bus and then two more buses to handle the increasing passenger load. He also bought an eight-ton truck and secured a contract to haul cargo between the coast and the Highlands.

By 1974, when so many expatriates sought to sell their plantations, Akapite started negotiating for Mountainvale, a plantation that had been started by George Greathead, a pioneering patrol officer who had resigned as district commissioner of the Eastern Highlands to take up coffee growing. Although many individuals and groups were interested in this property, because the land had been purchased from his clansmen, Akapite had an edge in the negotiations.

It was the policy of the new national government to give the original owners of alienated land, or their descendants, the first option on its repurchase. Furthermore, Greathead’s son and heir wanted to see the land go back to the Kabiufa people. Akapite, as the wealthiest man and most experienced entrepreneur in his group, took the lead, put up K42,000 saved from his passenger and trucking business, and then got some 50 of his clansmen to pool together another K8,000. After negotiating the price down from K170,000 to K110,000, he secured a loan for the remaining K60,000 needed from the Gorokan branch of the Westpac Bank, an Australian firm, and purchased the Mountainvale plantation.
Soon after Akapite bought the plantation, a severe frost destroyed much of Brazil's crop, sending world coffee prices skyrocketing. Within a few months he had made so much money that he went into the bank and paid off K30,000 of the loan. Three months later he had the other K30,000, which the bank manager refused to accept, pointing out that he had five years to pay back the loan and that the bank wanted its interest. They came to an amicable agreement; the bank accepted the money, plus an extra sum for interest. This arrangement meant that within the year Akapite and his group had their plantation free and clear of all debts.

The good coffee prices over the next few years allowed Akapite to build a coffee factory on the plantation and install the latest German processing equipment, as well as to purchase a hotel in Lae and start a cattle ranch in the lowlands of Madang, the coastal province immediately north of the Eastern Highlands. Later he bought land elsewhere in Goroka for another coffee plantation, developed a sugar plantation in the Markham valley (located between the Eastern Highlands and Lae) in partnership with a local man. Next, using both his coffee profits and bank loans, he purchased two more expatriate plantations. More recently, he has invested in rental flats in Lae and land in Brisbane, Australia, on which he plans to build rental houses.

It is in Goroka township, however, where his major properties are located. Ever since the overly prompt repayment of his first loan, he has been on good terms with the local branch of the Westpac Bank. In 1984, he purchased the property on which the bank stood. The bank then erected a new building on the site, sold it to Akapite (loaning him the money for its purchase), and then leased the ground floor back from Akapite for its bank operations.

While these deals were in progress, Akapite heard that the trading company Burns Philp was selling a prime piece of commercial property directly across the street from the bank. Akapite outbid all the other prospective buyers and now, while operating the clothing store already on the site, he is planning to put up a large shopping center there.

Akapite estimates that all these enterprises and properties are worth at least K4,000,000. I am not sure whether this figure
takes into account outstanding debts, but even if a million or two is still owed on these properties, the net worth would still show a remarkable increase over the K50,000 down payment used to purchase Mountainvale plantation in 1975, and a tremendous increase over the A$1,800 he paid in 1970 to buy a Land Cruiser and start a business.

Although Akapite is justly proud of his entrepreneurial role in assembling this business empire, he also stresses that he is not the sole owner. He estimates his share at about 75 percent, with the rest belonging to his clansmen who were minor partners in the purchase of Mountainville and subsequent other acquisitions. Nonetheless, he is firmly in charge as the managing director of the holding company involved, the Anego Company.

Managing this multi-faceted organization, with its constituent companies, diverse activities, and hundreds of employees, must be a difficult task. Based on appearances and from what I heard around the valley, Akapite is an excellent managing director, as well as an aggressive entrepreneur. Although I was not able to learn exactly how he manages the whole operation, I have the impression that he relies extensively on expert managers and foremen, including skilled and well-paid expatriates, as well as on the advice and guidance of his accounting firm, which is the local office of Peat, Marwick and Mitchell.

**Enoch Mole**

Enoch Mole is another new entrepreneur who, like Akapite, has been able to parlay a down payment for an expatriate plantation into a sizable business organization. Mole, like Akapite, is in his late forties. Similarly, like Akapite, he attended the Seventh-day Adventist school in Kabiufa, although he started late and dropped out upon completing grade six, by which time he was already a young man.

While at school he became interested in making money and started growing vegetables for sale, and even started a small trade store. After leaving school, Mole worked as a general laborer in the coastal port of Madang and then at Kavieng on the island of New Ireland. After returning to Goroka in 1966, he reopened his trade store and also became a coffee buyer. He first bought coffee for an expatriate, and then, after taking time out to run
(unsuccessfully) for the 1968 House of Assembly, he went into the coffee-buying business for himself.

To start buying coffee on his own, Mole took K800 he had saved from his wages and trade store profits, pooled it with K200 from a friend and another K200 from his clansmen, and used the total as a down payment to buy a used three-ton truck. By 1973, he had saved enough to buy a larger truck, which he used to expand his coffee-buying business.

A few years later, Mole heard Michael Somare, then newly installed as the first Prime Minister of newly independent Papua New Guinea, call for Papua New Guineans to pool their money and buy out expatriate plantations. Accordingly, Mole formed a business group with people from near where he lived. Pooling their money and his and combining that with a bank loan, he was able to buy out a well-run plantation located in his neighborhood.

Then, in 1979, using profits from the plantation, he bought out Plantation Supply Services, an expatriate firm specializing in the sale of farm equipment, fertilizer, and pesticides. This firm proved, like the plantation, to be a profitable acquisition, and Mole has since acquired a service station located in town, a farm supply company in Lae, a welding company with branches in Lae, Mount Hagen, and Goroka, rental real estate, and a large property at the eastern end of the province for agricultural development.

Mole, like Akapite, is not, however, the sole owner of this collection of enterprises. He says that he holds a little more than half the shares, and that the other 125 shareholders own the rest. Nonetheless, like Akapite, he is the driving force behind the organization.

To run his various enterprises, Mole also employs expert managers, including an Indian citizen who, after working for some years for the National Plantation Management Agency as a plantation manager, now serves as the management consultant for all of Mole’s activities. Mole employs several other expatriate executives, although, significantly, he has hired a fellow clansman to be the manager of his coffee plantation.

Many people in Goroka, both nationals and expatriates, emphasized that Akapite and Mole have a great business advantage in that both are members of the Seventh-day Adventist
Church. My informants were not referring, however, to any particular emphasis on entrepreneurship in Adventist teachings or to any church financial support of local entrepreneurs. The advantage stems from the Adventist prohibition on drinking, a growing social problem in Goroka and the rest of the country that has led to the downfall of more than a few Gorokan businesses and businessmen. As one Gorokan, a non-Adventist, put it, “SDA are number one in business because they don’t drink.” By virtue of being practicing Adventists, Mole and Akapite are freed from the monetary and social demands of drinking and can devote their undivided attention to business.

The plantation manager, Thomas Motojo, has had a long association with Mole. After working for six years as a heavy equipment operator in the copper mine on the island of Bougainville, Motojo returned to Goroka, helped Mole raise funds to buy the plantation, and then took a job as clerk for the plantation. Shortly thereafter, the manager resigned and, when the assistant manager was given the top post, Motojo was promoted to assistant manager. Then in 1982, when the second manager resigned, Motojo was named as the new manager, becoming one of the first, if not the first, Gorokans to be given responsibility for running a major plantation. However, although Motojo is an Adventist, at this time he was not following his religion’s prohibition on drinking. Consequently, as he himself admits, his work and the plantation suffered. Only after he stopped drinking was Motojo able to properly manage the plantation, which is now considered to be a well-run property.

Apele Goso
Another leading entrepreneur whose business history and style are much like those of Akapite and Mole is Apele Goso. He also is a man in his late forties who started out as a small businessman and then organized the purchase of a major expatriate plantation. Apele is not, however, a Seventh-day Adventist. He is a Lutheran but, significantly, does not drink.

Apele grew up in the Goroka valley near the Highlands Highway. He never went to school; when he was growing up, Apele says that his ambition was to be a boscrew or crew chief of one of the big trucks then coming into service as the highway was being extended down to the coast. Although he never had the
chance to work on the big trucks, in the 1950s he got a job as a helper on a coffee-buying truck operated by an expatriate. Later, when he learned how to drive, a coffee-buying firm helped him buy a truck so that he could be an independent buyer. His business did well from the start, and soon after buying his first truck he bought a second.

Then in 1971, one of the expatriates with whom he had worked in coffee buying proposed that they become partners and buy out a plantation then for sale. The expatriate put up K7,000, and Apele K3,000 he had saved from coffee buying. Although they took on a K80,000 debt to buy the plantation, because of the surge in coffee prices in the mid-1970s following the frost in Brazil, they were able to pay the loan off easily, as well as improve the property. In 1977, however, Apele’s partner wanted to return to Australia, so they sold their plantation and split the profits. Apele then started looking for another opportunity, and while biding his time took a world tour with other Gorokan coffee growers and businessmen, visiting coffee plantations in Hawaii, Central America, Brazil, and Africa.

Upon his return he heard that Alenumpa plantation, a large coffee property, was for sale, and that the expatriate owner was having trouble finding a buyer. The high asking price of K700,000—together with the inability of anyone from the local group from which the land had originally been alienated to organize a down payment and a purchase agreement—was apparently preventing its sale, making it one of the last plantations to still be in expatriate hands.

Apele stepped in to negotiate its purchase. This was not easy, as Apele was not a member of this group, nor did he himself have money for a down payment sufficiently large to purchase such an expensive property. First, with government help, he negotiated the price down to K500,000. Then he put up K130,000 of his own money, got members of the former landholding group to put up K36,000, and formed a company, Alenumpa Coffee Proprietary Limited. Using the K166,000 as a down payment, he then secured a loan for the remainder and took over the plantation.

As part of the loan agreement, the National Plantation Management Agency (NPMA) assumed management of the plan-
tation and installed its own management team. But when Apele tried to participate in the running of his plantation, he was told that he had to stay away until the loan was paid off. Apele objected on the basis that he already had some experience managing a coffee plantation and could do the job better and cheaper. But he was not able to make headway until three years later, when with the aid of a lawyer he got a court judgment that allowed him to disassociate from the management of the NPMA. He still had to abide, however, with the bank’s requirement of having an outside manager, only now he could choose his own manager. After hiring one man who proved unsatisfactory, in 1984 he hired an expatriate with substantial experience managing plantations in the Western Highlands. Since then the plantation has been doing well. The bank loan has been totally repaid, and regular dividends are being paid to the shareholders.

Apele is proud of this large and well-run plantation, which is complete with coffee factories, housing for managers and other employees, and new trucks and other equipment, and which he now estimates to be worth about K2,000,000. Recently, his company has started a coffee block management service, and he is planning to use his coffee-growing profits to purchase another plantation or two, or perhaps to invest in property elsewhere in Papua New Guinea or in Australia. In a recent coffee industry publication (Kofi Tok 1986:32), Apele is quoted as declaring, “I no longer dream of being a boscrew on a highway truck.”

First and Second Generation Entrepreneurs Compared

The three entrepreneurs described above are all in their late 40s, and thus are about 15 years younger than the mean age of the first generation of Gorokan entrepreneurs. In addition, on several dimensions they seem to be more “modern”—if this is the proper word—than their predecessors. They dress well according to local elite’s standards. They live in large and comfortable houses equipped with electricity and plumbing and have televisions sets and video recorders. Their enterprises are well run and highly profitable, and they seem to be able to keep traditional and quasi-traditional obligations from interfering with business.
I must qualify this last remark because I did not have time to study the exact relationship between their business affairs and their interaction with their clansmen and others. I understand that as wealthy and important men, they must still contribute to funerals and brideprice payments, as well as be generous in helping with school fees and the like.

From what I saw and heard, however, these men appear to be more successful than their predecessors in drawing a definite line between business and personal affairs in order to avoid draining business resources to fulfill social and political demands and ambitions. Unlike the business leaders of the 1960s, none of these men holds political office, nor do they seek to be elected.

As such, they appear to represent a new generation of Gorokan business leaders. Yet, however modern these businessmen may seem, they still reflect traditional Gorokan values about economic endeavor and achieved leadership. In their striving for business success, in their ability to start small and then pyramid their earnings into sizable business organizations, and in the obvious pride they and their supporters take in that success, these new entrepreneurs appear, like their immediate predecessors, to be following in the footsteps of the traditional big men of the "time before."

One factor, however, is striking: the way in which these three men have limited group participation in their enterprises. As majority shareholders in companies that they have organized, these men are firmly in charge. While they may at times stress the group support behind their enterprises, they really consider their respective organizations as being truly theirs.

**Auwo Kitauwo**

Not all the new entrepreneurs have created such individualistic organizations as those of Akapite, Mole, and Apele. Auwo Kitauwo, another entrepreneur of this new generation, explicitly rejects this individualistic model of business organization. Auwo is definitely a new entrepreneur. He also dresses well, lives in a modern, well-equipped house, carries a briefcase complete with pocket calculator and appointment book, and operates comfortably and with considerable skill in today's business environ-
ment. He believes, however, that business organizations should be more group oriented than individualistically oriented. Furthermore, he, along with Hari Gotoha who shares his views, has put this philosophy into action through the founding of the Gouna Development Corporation.

Auwo, who is in his late forties, did not have any formal schooling. As a young man he worked first as a laborer in a coffee-processing firm and then as a helper in a Goroka store owned by a Chinese merchant. Then in 1966, he quit work and built a small trade store in his home village. Upon discovering that such ventures were not very profitable, he started a poultry farm and a business selling artifacts to the trickle of tourists then coming through Goroka.

Auwo was not, however, really satisfied with merely running these small ventures. Accordingly, in the early 1970s, he closed his artifact business, sold his chickens to an expatriate firm, and began looking for something new. Auwo contributed some of his savings to the same helicopter pilot whom Hari Gotoha funded and has a small, but profitable, holding in the resultant firm, Pacific Helicopters.

What really interested him, however, was starting a business organization in which all the Gorokan people could become involved. Inspired by the speeches that Michael Somare was then giving about repossessing the plantations from the expatriates, he proposed to his friend Hari Gotoha that they collect money throughout Goroka to buy back the plantations. As mentioned previously, the resultant organization, the Gouna Development Corporation, is easily the biggest Gorokan-owned firm.

The concern of Auwo and Hari for the well-being of the group is also shared by Akepa Miakwe, who was the prime mover behind the foundation of the Eastern Highlands Development Corporation. This motivation appears to contrast markedly with the more individualistic orientation of such men as Akapite Wamiri, Enoch Mole, and Apele Goso. Indeed, one of my informants, a Gorokan businessman himself, characterized the difference between the two approaches as that of “working for the interests of all the people” versus “being selfish.”

Nonetheless, despite this contrast, these two groups of businessmen share much in common. Each, for example, played
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a crucial entrepreneurial role in seizing the opportunity created by the coming exodus of the expatriates, in raising money to buy out the plantations, and then in creating business organizations to operate those plantations and to use the resultant revenues to purchase or develop other ventures. Thus although Akapite, Mole, and Apele may be personally wealthier than Auwo, Hari, or Akepa, they all share in the honor of projecting Gorokans into the former expatriate preserve of big business.

These men are also alike in that they all came from the village context. They are men born and bred in rural Goroka, who have started small, worked hard and saved their money, and then, upon seeing new opportunities, have gone on to create large and successful business organizations. As several of them stressed to me, interjecting English words into the flow of their pidgin speech, they are "grass roots" entrepreneurs.

A THIRD GENERATION OF GOROKAN BUSINESS LEADERS?

In styling themselves as grass roots, these entrepreneurs may be implicitly contrasting themselves with a group of younger and more highly educated businessmen. These emerging businessmen are in their thirties, have graduated from a university or at least have had some tertiary education, and have had relatively sophisticated work experiences. In contrast to the older business leaders, these men have not had to follow the same slow path of business advancement through menial jobs and a succession of small enterprises. Instead, after completing their education, and working in responsible positions, they have been able to go straight into business. The following section presents some information on the careers of three of these younger businessmen: Benais Sapumei, Pepe Gotoha, and Jim Karo.

Benais Sapumei

Benais Sapumei, who is in his late thirties, is the son of Sapumei Kofikai, a prominent business leader of the 1960s who is now retired. Benais was one of the first graduates from Goroka of the University of Papua New Guinea, an institution founded in the
late 1960s to prepare leaders for the forthcoming independence of the country. He joined the Department of Foreign Affairs upon graduation in the early 1970s. In 1978, however, after serving in Port Moresby and also with Papua New Guinea's delegation at the United Nations in New York, he resigned to return home to Goroka and take a management position with the Angco Company, the large agricultural exporting firm headquartered in Goroka.

While working for Angco, Benais has become deeply involved in the leadership of the the Eastern Highlands Development Corporation (EHDC), most of the membership of which comes from the Bena tribal area where his father is still regarded as an important leader. Not content with simply being a salaried manager, Benais has also gone into business for himself. He has operated a supermarket in Goroka township, has recently purchased one of the two hotels in town, and is currently looking for other local business opportunities.

Benais is married to a former Indian national, and he and his wife live in an expatriate style. As a busy executive and businessman, Benais finds it difficult to cope with all the requests for contributions and assistance from his clansmen. Nonetheless, he still identifies himself with his tribal area of Bena and works particularly hard to defend the interest within Angco of the EHDC, which is essentially his tribe's corporation. For example, during my brief stay in Goroka, Benais was almost totally preoccupied in fending off a takeover bid for Angco that threatened to weaken the EHDC's position in the firm.

Pepe Gotoha
By chance I ran into Pepe Gotoha, another young Gorokan entrepreneur, when his visit home coincided with my return to Goroka. I had first heard of Pepe Gotoha in the late 1960s when he was a Gorokan high school student and a part-time clerk in the trade store owned by his brother, Hari. At that time, Hari had told me that he wanted Pepe to learn proper business procedures so that Pepe could assist him in business, as well as help other clansmen develop their own businesses. To that end, Hari sent Pepe to the government cooperative college. Pepe was not satisfied, however, with the rudimentary business training avail-
able there. So, upon graduating from the college, he transferred to the branch of the University of Papua New Guinea in Lae, where I first made Pepe's acquaintance.

Upon receiving his degree in accounting, instead of returning home Pepe took a job with the Finance Department of the national government. Shortly thereafter he was transferred to the business development division of the Commerce Department, where he was assigned to the "straight fashion" program designed to enable Papua New Guineans to purchase and operate retail stores. After working in this program for a few years and watching successful clients of the program earn much more from their stores than he could ever hope to earn as a civil servant, Pepe resigned and applied for the program himself.

Upon completion of the required three-month course, he was assigned to a store in Lae that had been formerly owned by a Chinese merchant who had gone to live in Australia. Pepe and his wife, working from before dawn until late at night, quickly made a success of the business, paid off the loan, and received clear title to the store. Using their profits as a down payment and their established credit rating to obtain bank loans, they then bought the store next door and then a store in a suburb of Port Moresby, the capitol of Papua New Guinea. Pepe now makes his home in Port Moresby, where he serves on several government and community boards.

Most recently, Pepe has been investing in rental housing in Lae. As in the case of his brother Hari, the lure of this type of investment is the ease of management, and the high level of profitability. With three stores, two in Lae and the other in Port Moresby, Pepe has been experiencing major management problems. For a while, his wife lived in Lae and managed the stores there, while he stayed in Port Moresby and looked after the store there, an arrangement that was hardly satisfactory from the point of view of family life.

For the last few years they have both lived in Port Moresby and co-managed the store there. In the Lae stores they have employed a succession of managers, both relatives and non-related persons, none of whom has been satisfactory. Hence, Pepe has been attracted to rental real estate because the demand is such that he can hand over the house to an estate agent and be as-
sured of a steady income without the day-to-day problems of trade store management. In despair of finding a good manager for his Lae stores, he would like to lease them out as well.

Pepe has been ambivalent about going into business in Goroka. On the one hand, he has a deep attachment to his home region, but, on the other hand, he realizes that it would not be easy for him to be a success in business there. First, he says, there is too much competition in Goroka. He claims that the Gorokan people are too “business minded,” and that retail store opportunities in Goroka are much more limited than in the much larger towns of Lae and Port Moresby. Second, although he would like to grow coffee or raise market vegetables on his ancestral lands, his clan, having sold so much of its land to the administration for the founding of Goroka township, is simply too land poor. Third, he says that in doing business at home there would be “too many customary obligations” to fulfill, and that he “would have to contribute to everything that happens in the village, like brideprice and people dying.” Interestingly, Pepe has gone into the business of growing market vegetables in Kainantu, at the eastern end of the Eastern Highlands, where much more land is available than in Goroka and where he has no customary obligations.

Jim Karo
While the stores of large expatriate trading companies and national firms dominate the retail business in the center of Goroka township, most of the small retail shops are located in two outlying areas, North Goroka and West Goroka, where many Gorokans and other nationals live. These shops sell clothing, canned and packaged foodstuffs, soft drinks, fast food (typically fish and chips and cooked meats), and other miscellaneous items. One of the most successful shops in West Goroka is owned by Jim Karo, a former rugby star in Goroka.

After finishing high school and a commercial college course, Karo worked in 1974-75 for the government as a business development officer. He then won a rugby scholarship to the University of Technology, but left there after an injury without finishing his studies. He then went to Port Moresby where he worked in the “straight fashion” program for several years. After a while, Karo,
like his high school classmate Pepe Gotoha, decided that he could do better by taking over a store himself rather than just helping others. As he wanted to return to Goroka, he waited until a store became available there, then resigned his position, and after completing the training course took over the store.

It turned out to be a problem store. Four times previously the “straight fashion” program had installed a candidate owner in the store and each time had to remove him due to unsatisfactory management. Nevertheless, within three years Karo had paid off the purchase loan of K73,000, as well as the K30,000 in old debts that he had inherited with the store, and so gained clear title. Now, however, although he has a fairly profitable small business, he is frustrated because he cannot expand. All the good locations in the center of town are either taken or cost too much. West Goroka, where he is located, is not growing; the surrounding clans refuse to sell any more of their land for town expansion. He has tried opening a small store in North Goroka, which is managed by his sister, but similar problems there have restricted growth of the population and hence the market.

Faced with this situation, Karo has reversed the usual Gorokan investment sequence. Instead of using coffee profits for investment capital, he is using the profits from his stores to develop a coffee block (which he says he is managing himself) on his ancestral lands in the Bena region. The next step, Karo says, is to build his own coffee factory to process his coffee, as well as the coffee he would buy from his neighbors. Karo’s ambitions go farther, however, than his two stores and his coffee block. If he cannot expand further in Goroka, Karo says that he will go to Port Moresby or Lae because of the better business opportunities there.

I also heard of a few other Gorokan businessmen who, like Benais, Pepe, and Karo, are in their thirties and who, again like these three, have had the advantage of at least some tertiary education, but I was not able to interview them. While my database is therefore limited, it could be that such men indeed represent a third generation of Gorokan businessmen, indicating a still further evolution from the grass roots, quasi-traditional, big-man type of entrepreneurship that characterized the Gorokan entry into the market economy.
WOMEN IN BUSINESS

Although men are dominant in Gorokan society, women have always performed much of the actual work. In the “time before” it was they, not the men, who tended the subsistence gardens and fed and cared for the ritually important pigs—all in addition to looking after the children and carrying out other domestic chores. Today rural Gorokan women still do all this work, as well as pick coffee and tend plots of market vegetables. But even though they may work in the coffee gardens and properties, women do not generally receive a large share of the money earned from coffee sales, nor are they major participants in commercial enterprises.

Many Gorokan women have resented the near monopoly by men of coffee money and business and have joined a widespread movement called wok meri, or “women’s work,” which involves the organization of women’s clubs for the pooling of what money the members have earned from market gardening and other activities. According to Lorraine Sexton (1986), who studied this movement in Goroka during the late 1970s, when the clubs first started, the pooled money was often used for business investment. After using the accumulated savings to stage a series of ceremonies modeled on the traditional wealth exchanges associated with marriage, the clubs would invest their money in trade stores, trucking ventures, and other small businesses, or occasionally in established corporations.

Although Sexton was originally optimistic that the wok meri movement might develop into a significant avenue for women’s entry into the world of business, she now reports that she has since learned that the enthusiasm of Gorokan women for this movement and for investment in business has waned (Sexton 1986:128).

In addition to this informal movement to increase women’s involvement in business, a government-sanctioned effort has been carried out by the International Labour Organisation (ILO). During the United Nation’s Decade for Women in 1975, the ILO sent a representative to Goroka to promote women’s participation in business.
At first, the ILO representative considered supporting the effort of rural women to pool their savings and start their own businesses in the villages. After examining the situation, however, the ILO representative decided that it would be extremely difficult for rural women to engage directly in business in the villages. She found that after caring for the children, working in the gardens, and tending the pigs, women simply had no time for other activities. Accordingly, she focused her efforts on having rural women pool their money and start the Goroka Women’s Investment Corporation, an organization for investing in town businesses that could be operated by those women who might have some spare time.

The corporation focused on three ventures in town: a coffee shop at the airport, a take-away food shop, and a coffee shop in the center of town. After several years’ operation, however, the airport coffee shop was closed when the plane schedules were changed to eliminate frequent flights through Goroka; the take-away food shop failed when all the other stores in town started their own take-away food sections. Only the town coffee shop is still in operation. Located in the Gouna Centre building, it is particularly popular with the expatriate community. The shop is managed by an expatriate woman, although it employs local members of the Goroka Women’s Investment Corporation.

While this effort may not have had spectacular results in directly developing women’s businesses, apparently it has raised women’s consciousness about business and given them some new skills. One of the members of the corporation, for example, has become the owner of a successful service station.

*Marguerite Soga*

Marguerite Soga, whose mother is from Goroka and whose father was from the neighboring Morobe Province, became owner and manager of a service station under tragic circumstances. Her husband, a prominent man from a village on the outskirts of Goroka, had secured a loan, leased land, and built a modern service station. As it was located on the Highlands Highway just at the entrance to town, the station soon developed a thriving trade. Then Mrs. Soga’s husband died suddenly. At that time she was caring for three children and was pregnant. She did not know
how to run the business; in addition, she was immediately pressured by her late husband's brothers to turn over the business to them. They claimed that she, as a woman who had married into the clan, had no rights in her late husband's property and that they were the proper heirs.

Had Mrs. Soga not had the experience of working with the Goroka Women's Investment Corporation, she might have yielded to the brothers. However, she realized that if she relinquished the station, she would have no income to raise her children and send them to school. Accordingly, she resisted a takeover by the brothers and began learning how to run the station herself.

With help from the Goroka Women's Investment Corporation, from the local Office of Business Development, and from her supplier, Shell Oil Company, she has been able to operate the station profitably, as well as pay off the initial loan and other debts. Although no other woman in Goroka operates a business of a comparable size and nature, Mrs. Soga's success may be alerting other Gorokan women to the possibilities of going into business for themselves.

In another sense, however, several Gorokan women are already in business in that, as in the case of Pepe Gotoha's wife, they manage or co-manage stores that their husbands have purchased or started. Inasmuch as Gorokan women are reputed to be better office workers than men, the question can be raised as to whether some of the managerial problems in Gorokan business could be alleviated by training women for responsible management positions.

**BUSINESS DEVELOPMENT PROBLEMS**

Despite the considerable progress made by Gorokans in learning how to operate their enterprises more efficiently and how to organize bigger and more complex ones, they have hardly mastered every aspect of commercial life. Indeed, as they have moved farther and farther into the commercial world, some of their problems have intensified, and new ones have arisen.

**Smallholders and Coffee Rust**

A great contrast still exists between the plantations and the small-
holder sector. While the plantations are generally well cared for, many of the small plots of coffee are still poorly maintained. Thus relatively low yields per hectare continue to characterize the smallholder sector. The small planter does not, of course, necessarily see this as a problem because by minimally maintaining his coffee, he may be maximizing his returns per unit of labor.

In early 1986, however, an outbreak of coffee rust, a devastating fungus disease, was discovered in the Western Highlands and appeared to be slowly spreading toward Goroka. This disease can be controlled through spraying the trees and replanting with rust-resistant varieties. The plantations and many of the coffee blocks are now already spraying, or are preparing to spray, and are capable of organizing any necessary replanting. But the smallholders are neither well enough informed nor equipped to make such an effort.

Unless the currently moribund agricultural extension service is revived or some industry-wide private initiative is organized, the smallholders could see many of their trees die as rust spreads into the area. Because smallholders now account for about 70 percent of the total coffee production in Goroka, cash incomes in the villages would plummet. And because less coffee would therefore be processed and sold, the whole industry, as well as all the businesses linked with it, would suffer greatly.

**Plantation Ownership**

The ownership of some of the plantations that formerly belonged to expatriates is a source of continuing dispute. The ideal goal behind the administration's plantation redistribution scheme was to return a plantation to the group that originally sold the land by having that group buy back the property. But this has not always been possible. In some cases, authorities have not been able to decide among competing claims just who originally owned a property, and who now has the right to buy it back. Even when it has been fairly clear who should have first option on a property, the designated group has not always been able to organize and finance a repurchase. Consequently, it has sometimes been those individuals or groups with the money—rather than those with the strongest traditional claim to the land—that have been able to purchase the plantations.
For example, during my visit in 1986, the recent sale of a large plantation complex by the Steamships Company, an Australian trading firm, to a national politician and business leader from the neighboring Chimbu Province was being contested by some former landowners. Although this complex had originally consisted of four different plantations, when Steamships purchased them separately from their original owners, they amalgamated them into one operating unit. Consequently, Steamships wished to sell them as one unit, rather than as separate individual plantations.

However, because these plantations were located in different areas, and hence involved different groups of former landowners, and because of the high price for the total complex, the groups involved had great difficulty forming a single organization and raising the necessary funds. When the Chimbu politician heard of this impasse, he made an offer, which was backed by other outside business interests, and Steamships, anxious to get rid of the property, readily accepted. This action led to several confrontational meetings in which the disappointed groups made various demands, the mildest of which was to allow them to buy shares in the company organized by the politician.

**Plantation Management**

The management of repurchased plantations has been a continual source of concern, as it has been elsewhere in Papua New Guinea where formerly expatriate plantations have been transferred back to local groups and individuals (Walter 1981). Because few Gorokans, or indeed other Papua New Guineans, have been considered qualified to manage a plantation, the requirement of the banks and other lending agencies for expert management has resulted in an influx into Goroka of managers from overseas, as well as the continued employment of expatriates already working in the coffee industry.

Even Sinake Giregire, the owner of the largest plantation started by a Gorokan, has had a succession of expatriate managers. Although I did not systematically study this matter, the only Gorokan manager of a major plantation that I heard of was Thomas Motojo who, as recounted earlier, has been managing Enoch Mole’s plantation for several years.
The fact that virtually no Gorokans are as yet managing their own plantations is disquieting. Those who defend this situation (both expatriates and Gorokans) do so on the basis of necessity. Few Gorokans have the skills and experience, they say, to manage such large enterprises. Furthermore, they add that it is easier for a manager from outside the social system to impose the necessary discipline required in a plantation organization and to resist demands by shareholders for special privileges. Yet when such reasoning is used to justify the continued employment of outside managers, a fundamental contradiction becomes apparent. At present, expatriate managers may generally be able to operate plantations more efficiently than local managers, and therefore generate greater profits for the Gorokan owners of these plantations. But if Gorokans continue to be kept from running their own plantations, no learning takes place and they remain little more than absentee owners of properties operated by outsiders.

Many Gorokans complain about this situation. For example, Thomas Motojo believes that expatriates have held onto the management of the plantations for too long and have not really made an effort to teach the Gorokans how to manage them. Gorokans, he insists, must be given a greater chance to learn how to run their own plantations.

Management of Coffee Blocks
Ideally, coffee blocks should serve as practical schools for plantation management, as well as a means for Gorokans to increase their coffee holdings and income. However, as in the case of loans for plantations, the banks lending money for these coffee blocks require expert management for the duration of the loan. Because the blocks are too small to support a resident manager, the usual arrangement has been to contract with a management company to supply the necessary supervision. The three most prominent management companies, the NPMA (National Plantation Management Agency), Angco, and the Gouna Development Corporation, have contrasting procedures that highlight the problem of reconciling the requirements for efficiency with the need for developing management skills among the Gorokans.
The guidelines set by the government on managing coffee blocks call for a combination of expert management and on-the-job training so that the landowners eventually can take full control of the block. Both the NPMA and Angco implement these guidelines by selecting a member, typically a young man, of the business group that is developing the block, training him, and then appointing him to be the foreman of the property. In addition, these companies involve the directors of the business group in management decisions and encourage the shareholders to work on the coffee block, although for only partial wages. The job of the expert managers employed by each company is both to supervise the operation of the coffee blocks and to teach the local personnel to manage their own affairs so that when the loan has been paid off the business group can assume complete control.

The Gouna Development Corporation, however, does not follow these guidelines. Instead, the head of their management division, John Leahy, hires Papua New Guineans from outside the group (and usually from outside the area altogether) to work as managers, foremen, and general laborers. Leahy, a Papua New Guinean whose mother is from the Western Highlands and whose father is one of the earliest expatriates to settle in that region, has had wide experience working in the coffee industry and on other projects in the Highlands. Based on that experience, Leahy believes that few if any members of the landowning group are likely to have the training required to properly manage a coffee block. He also believes that even if a technically capable person could be found within the group, it would be virtually impossible for him to function effectively as a manager. The problem, Leahy says, is that he would find it difficult to enforce the necessary discipline among his fellow clansmen and co-owners and, in particular, to give them orders if they were also employed as workers on the block. Accordingly, Leahy employs managers who have no relationship with the landholding group.

Leahy finds that because many young Papua New Guinean graduates of agricultural colleges are looking for work, he can easily recruit his managers from this large pool of talent. Each manager is assigned four coffee blocks; it is his job to supervise all operations on these blocks from planting to picking and...
processing. A foreman, again an outsider, is employed to oversee each block and the block’s workers, who are also outsiders. A trained manager from the outside, who is not subject to local pressures, can do a much better job, Leahy maintains, than an untrained manager who has difficulty in telling his fellow clansmen what to do and in resisting their demands.

Because the overseers and workers have no ownership claims and are entirely dependent upon the wages they earn working on the block, they are liable to work much harder than an owner-worker, Leahy further claims. In addition, Leahy says that this system reduces one of the prime problems in group-owned coffee properties: the clandestine appropriation of cherry coffee by an individual owner for private sale and gain. With Gouna’s system, the outside foremen and workers keep a wary eye out for any owners who try to take some of the crop; the owners, in turn, watch the employees to make sure that they do not take any coffee.

That the Gouna system of professional management, with checks and balances between the owners and the hired personnel, produces results is conceded by virtually everyone in Goroka, even by those who are associated with the other management system. Leahy himself showed me a 50-acre block under this management system, which he expected would yield a net profit of over K100,000 during 1986. Divided among the 20 odd members of the business group owning the coffee block, this would yield an individual income of over K5,000, a handsome sum for the average Gorokan. Leahy claims not only that his clients appreciate such results, but also that they are beginning to realize that proper management pays off. If this system continues to be as successful as it appears, it may indeed be a model to follow. Although ownership and management remain divorced at the local level, this system does provide for the development of a pool of professional Papua New Guinean managers, some of whom could in the future presumably assume the management of larger plantations.

Management of Large Business Organizations
This issue of the management of coffee properties is mirrored to some extent in the management of the two large-scale corpo-
rations with wide group ownership and orientation: the Gouna Development Corporation and the Eastern Highlands Development Corporation (EHDC). In Gouna's case, three of its four top managers are expatriates. In the case of the EHDC, although the corporation itself is managed by its Gorokan leaders, the organization's plantations, which are its main asset, are managed by Angco, which, in turn, is largely run by expatriate managers.

In both cases, the system appears to be working, primarily, it would seem, because of the skill and dedication of both the Gorokan directors of the respective corporations and their hired managers, as well as their ability to keep lines of communication open between each other. Communication between the directors and the village shareholders is also apparently crucial, and keeping their shareholders informed is apparently one of the major tasks carried out by Auwo Kitauwo, Akepa Miakwe, and the other leaders in these corporations.

At present, only a few nationals, like Benais Sapumei and John Leahy, are involved in managing Gouna and the EHDC plantations. The further nationalization of the management of these corporations will depend on the availability of Papua New Guineans with training and experience in accounting, management, and other related fields. This is, of course, a national as well as a local problem because the pool of such personnel is small not only in Goroka but also throughout the country.

The business organizations built up by Akapite Wamiri, Apele Goso, and Enoch Mole are more dominated by their founders—in terms of both policymaking and day-to-day management—than are Gouna and the EHDC. Nonetheless, they employ some expatriate managers in key posts and also would be hard pressed to increase the proportion of national managers because of the general lack of trained personnel. It will be interesting to see if they can develop more managers from within their ranks, such as in the promotion of Thomas Motojo to be the manager of Mole's coffee plantation.

Undercapitalization and Local Control
Both Gouna and the EHDC are undercapitalized in the sense that the amount originally subscribed by the business groups to form these multi-million dollar organizations is in both cases less than
K200,000. Recent pleas by the leaders and managers of these organizations for the business groups and their constituent shareholders to subscribe to more shares have fallen on deaf ears. The people apparently feel that they have already donated enough money and do not need to give any more. In both cases, the organizations have been forced to borrow heavily at high interest rates and to engage in some intricate financial maneuvers in order to finance takeovers and other expansionary efforts that cannot be paid for solely out of profits.

Of course, as the value of these corporations has grown, the worth of each individual share has also, in effect, multiplied. But this does not provide an incentive for shareholders to buy more shares as they have no way of realizing their capital gains. There is no stock market in Goroka, and, besides, the free sale of shares in Gouna and the EHDC would violate the principle on which both were founded: the control of local assets by Gorokans. Thus a fundamental contradiction seems to exist between the need for expansion capital and the desire for local control.

**Entry Constraints**

Gorokans so far have had a fairly easy time entering into commercial ventures. At the beginning of the coffee boom, the wide availability of land meant that they could plant coffee and still maintain subsistence production. More recently, with government encouragement and aid they have been able to buy out plantations and businesses started by expatriates. Now, however, in the richer areas of Goroka population growth is restricting the availability of land, both for coffee and subsistence. In addition, the best business locations in Goroka township have already been taken or are too expensive for most struggling businessmen, who also complain that the highly competitive local market makes it difficult for them to get a start. These developments are probably to be expected with both the increased number of Gorokans, and their economic success.

Not all Gorokans are reacting to these and other obstacles with resignation, however. Some businessmen, or would-be businessmen, have, like Pepe Gotoha, moved to the coastal towns to start their businesses. Similarly, some coffee growers, such as Sinake Giregire and Enoch Mole, are developing properties at
the eastern end of the province where the population is less dense and business awareness is less intensive. These efforts of ambitious, business-minded Gorokans to find their fortune elsewhere in the country may represent—particularly if the trend increases—a still further departure from the quasi-traditional and localized ventures of the early Gorokan involvement in business.

The Wantok System
The network of rights and obligations between members of a group—the indigenous social security system that enables a Gorokan or any Papua New Guinean to ask his clansmen for food, shelter, or aid of any kind and obligates the latter to honor that request—is widely known in Papua New Guinea as "the wantok system." (Papua New Guineans use wantok, a Pidgin word that literally means one who speaks the same language, to refer to a member of virtually any group to which the speaker also belongs, ranging from family and clan groups to tribal and regional groups.)

It is commonly said throughout Papua New Guinea that the wantok system is inimical to the efficient operation of businesses. The typical example commonly used is the trade store owner whose business is ruined when relatives request and receive free or highly discounted goods, or credit that they do not repay. As such, the wantok system has certainly plagued Gorokan businessmen and probably has contributed to the downfall of many local enterprises. For this reason, some people in Goroka talk about the need to limit or abolish this system for the sake of business.

Although it would be difficult to imagine an effective abolition through fiat of such a pervasive system, some businessmen apparently would like to be free of the obligations that tie them to their wantoks. A few, like Pepe Gotoha, have, in effect, achieved this freedom by operating outside of Goroka and thus away from their home communities. Others, operating in Goroka, have learned to be highly selective about which requests they honor and when they honor them, as well as to ensure that they are repaid or otherwise reciprocated.

Jim Karo, the young entrepreneur whose history was reviewed earlier, discussed with me how he has handled the wantok system in his business. When he assumed control of his first
store under the “straight fashion” program and was burdened with debts that had to be repaid, he refused all requests from his clansmen for credit, loans, or outright gifts of food or money. In so doing he realized, however, that he was cutting himself off from his community, which he did not wish to do permanently.

Once, therefore, he had paid off his loans, he began to selectively honor these requests. But Karo tries to keep his losses down—for example, by collecting his debts as soon as his clansmen sell their coffee, which was Hari Gotoha’s practice back in the 1960s. He has even found that he could profit through the system. Once when he contributed handsomely to a brideprice, the groom’s father gave him harvest rights on some land with a maturing crop of corn and other vegetables. Karo then harvested the crops and sold them in his store for a net profit. Similarly, he says that one of the reasons that he was able to obtain access to land on which to develop his coffee block was because he has been generous to his clansmen. If, as Karo says, he had continued to refuse all requests of his wantoks, particularly after he had repaid his own debt, none of the people in his home village would have helped him.

Although Karo’s clansmen may not feel that he has exploited them, some clansmen do charge that some of the bigger, more established businessmen have manipulated traditional ties and obligations to gain access to land, labor, and money and have not been sufficiently generous in return. Thus some villagers as well as businessmen themselves feel that traditional rights and obligations should be limited when it comes to business.

**Business Groups**

The intent of the legislation that established business groups in 1974 was to provide customary groups with a simplified institutional framework whereby they could engage in business ventures. From its inception, the business group program was immensely popular, although the rush to form thousands of business groups all over the country may have stemmed more from a desire to tap money from the now-defunct Village Economic Development Fund program than to actually engage in business (Law Reform Commission 1980:6–9).

According to Baunke Uke, director of the Office of Business Development in Goroka, most of the hundreds of business groups
that have been registered there are now either moribund or are not working well. Many were probably started only to obtain grants from the Village Economic Development Fund, without any firm intention of going into business. Of those that have attempted business ventures, many, he says, have suffered due to internal disputes and dissension.

Baunke emphasized to me that in his experience, business groups that have many members do not work well, especially if their membership is drawn from several clans. Typically, he says, too many men want to be leaders, or to have prestigious positions within the organization. He adds that if they do not get their own way, they want to pull out, taking back the money and land that they contributed to the group.

He believes that business groups based on what he calls the "family group" work out much better than clan and multi-clan organizations. By "family group" he means either a nuclear family comprised of a man and his wife (or wives) or an extended family comprised of a father and his sons and their spouses.

In his experience these family groups can form a more cohesive organization than can the clans or other broadly based groups. When, for example, the leader tells a close relative what to do, they are likely to do it. In contrast, Baunke says, when the leader of a broadly based business group tells a member to do something, the latter is likely to object and to depart in a huff. Accordingly, Baunke is trying to discourage the further formation of broadly based business groups and to encourage the formation of groups based on closely related members of the same family.

Of the broadly based groups, those organized and led by an accomplished entrepreneur seem to fare best. Examples include the business groups organized by Auwo Kitauwo and Hari Gotoha to raise money for Gouna, and by Akapite Wamiri to help him purchase an expatriate plantation. Crucial to the success of these groups is how well the organizing entrepreneurs keep the individual shareholders satisfied. The payment of substantial dividends to the shareholders helps, but a direct feeling of participation and pride in the enterprise also seem to be needed.

Auwo, for example, appeals to group pride whenever Gouna's shareholders are feeling dissatisfied. When that happens, says Gouna executive John Leahy, Auwo will put disgruntled
shareholders on a truck and take them to Gouna's Lahamenego plantation. There he shows them the original coffee factory and poultry shed built by the former owner, and then dramatically points out how Gouna has built a bigger poultry shed and equipped it with the latest in automated feeding and egg-laying equipment. In addition, he shows them how Gouna is now building a new and much larger coffee factory. The smaller, older facilities are "something built by the white man," he tells them. He emphasizes that the bigger, newer facilities are "something we built, something that belongs to you and me." Once the group members see that they indeed are part owners in modern and impressive facilities, says John Leahy, dissatisfaction fades.

**BUSINESS AND GOROKAN SOCIETY**

In economic terms the Gorokans have fared well in the half-century since their first contact with the outside world. After a relatively brief and benign period of colonial rule and plantation development, they have become major producers of coffee for the world market, they have—with the aid of bank loans and government programs—taken over almost all the plantations and many other expatriate enterprises, and they have used their earnings from coffee to start businesses, ranging from small village trade stores to multi-million dollar corporations.

This headlong rush into the world of cash cropping and commerce cannot help but have a significant impact on Gorokan society. The Gorokans are no longer isolated tribesmen. To be sure, the old clans, tribal groupings, and language communities are still there. Pigs are still exchanged at marriages, funerals, and other important occasions, and if anything brideprice payments—now largely paid in cash—are rising. But village life has been forever altered. Along with the introduction of modern government institutions, the rapid development of cash cropping and business has accelerated the pace of social change.

Wealth and social standing are now measured largely in terms of coffee production, business assets, and cash flow. While this continuing emphasis on economic accomplishment represents some continuity with the past, it also has led to the emergence
of a new elite of wealthy business leaders who, while they may follow in the footsteps of the big men of traditional times, are also key actors in a rapidly changing social scene. The rough egalitarianism of traditional times, where every man had a more or less equal chance to strive for wealth and power, has been replaced by a social system that is beginning to look more and more stratified. In socioeconomic terms the majority of Gorokans might be identified as peasants in that they have one foot in the market economy and the other in the old subsistence economy. Differentiated from them by wealth and command of business assets are members of the business class, the most prominent of whom have been reviewed in this paper.

But the current situation may not be all that novel, for at any one time in the past a similar picture prevailed in the sense that among the ordinary farmers of that day a few wealthy and aggressive big men stood out. The critical question may not be whether the business leaders are inordinately wealthier and more powerful than the ordinary man, but whether there has come into being a permanently privileged class. For example, are today's business leaders creating business dynasties? Certainly, when business leaders tell how they are sending their sons to overseas universities or to the University of Papua New Guinea so that they can study business administration and come back to work in the family business, it is easy to imagine a Goroka of the future dominated by local business dynasties.

A critical question is what will happen to the business organizations created by the most individualistic of the second generation of business leaders, Akapite Wamiri, Enoch Mole, and Apele Goso, when they retire or die. If their sons or other relatives now being trained in business administration can successfully take over as managing directors of these organizations, then the family dynasty vision may be fulfilled. If, however, disputes over succession, or the promotion of incompetent heirs to executive positions, lead to the stagnation or dissolution of these business organizations, the vision may turn out to be a mirage.

What has occurred in the families of the first generation business leaders that I studied in the 1960s may offer some perspective on this issue. Two young entrepreneurs have emerged from these families: Benais Sapumei, the son of Sapumei Kofikai, and
Pepe Gotoha, Hari Gotoha’s younger brother. However, although the educational opportunities that they enjoyed undoubtedly gave them an advantage, in both cases they made a success of business on their own.

The cases of Bimai Noimbano and Apo Yeharigie, the only prominent business leaders from my original study to have passed away so far, may be more indicative of future trends. Their heirs are not now prominent in business, and the assets of these business leaders have been dissipated through dispute and neglect. Similarly, where a first-generation business leader has retired from active economic life, their sons or close relatives who have taken over the assets do not seem to have been able enough to conduct business at the same level.

Although some tendency may exist for certain families to become prominent in business over time, I suspect that the ranks of prominent businessmen may not necessarily be dominated by just a few families. Entrepreneurial values are too widespread in Gorokan society. Too many men (and perhaps increasing numbers of women) will strive for business prominence to allow just a few families to dominate. Business may be transforming the face of Gorokan society, but the traditional pattern of a highly competitive and fluid leadership system may endure and indeed continue to shape the character of Gorokan enterprise. Additional and subsequent generations of new entrepreneurs can be anticipated.

The society now evolving in Goroka is, of course, more complex than that composed simply of peasants and a business elite. Coffee plantations and blocks need many workers, particularly during harvests. The majority of these workers come from neighboring areas, not from Goroka itself. The Gorokans, most of whom have some income from their own coffee, are not generally attracted to the low paying coffee jobs.

In contrast, people living in neighboring areas, where because of lack of roads or unsuitable local conditions, there is little in the way of coffee or other cash crop development, flock to Goroka for work on the coffee properties. There they form a rural proletariat, though largely an impermanent one.

The Goroka township, with its many civil servants employed in national and provincial government offices and facilities, as
well as the many urban businesses and their executives and employees, is of course a vital part of the new social system of the region. The growing number of civil servants working there, some of whom are from Goroka and some from other provinces, form the most conspicuous new class in Goroka. As a recent socioeconomic survey indicates, it is they, not the businessmen, who stand out from the majority of Gorokans in terms of their living standards and consumption patterns (Yupae 1986). A complex social system has thus emerged in Goroka composed of plantation workers, government civil servants, urban workers, and rural producers, as well as the businessmen who are the subject of this report.
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