A BLACK PAST, A BLACK PROSPECT:
Squatting in Western New South Wales 1879-1902.

Jennifer Lee

Thesis submitted in fulfillment of the requirements for the degree of Master of Arts,
Australian National University

August 1980
I declare that the contents of this thesis are my own work and all sources used have been duly acknowledged.
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Acknowledgements

Among the many people whose assistance has made this work possible, I should especially like to thank my supervisor, John Merritt, for his valuable criticism and patient support; staff of the A.N.U. Archives of Business and Labour, Australian National Library, Mitchell Library, Latrobe Library and New South Wales State Archives for guiding me through their respective labyrinths; and Geri Lazarus, John Bowker and Mike Daffey for refusing to let me forget that, after all, there is a world outside.
INTRODUCTION

The period from 1860 to the early years of the twentieth century was a critical one in the colonization of Australia. It has been characterised by N.G. Butlin as "the phase of Australian economic development dominated by the problem of utilizing (Australia's) natural resources". At first sight this appears self-evident. Certainly the geographical extension and intensification of colonial settlement during the Long Boom of 1861 to 1891 and the accompanying accumulation of productive assets made a central contribution to the shape of the colonies' later development, as did the economic restructuring forced on the colonies by the subsequent depression. However, to take expanding resource utilization and capital formation as the central problem or fundamental determinant of the form of colonial development is a different matter. The manner of colonial resource utilization was ultimately constrained by the limitations of the resource base and of contemporary technology, but on closer scrutiny these physical limits appear to have been less pressing than were economic and political conflicts over who should control, and reap the products of, the colonies' natural resources.

This was starkly exemplified in the case of the pastoral industry. Pastoral resource utilization encountered

2. Defined as "net investment in fixed assets, i.e. additions to the stock of real capital".
few limiting technical problems until at least 1891; on the contrary, one of the salient features of Long Boom land settlement was the sheer ease with which vast areas of the colonial interior were turned to the production of wool. Pastoralism required only a rudimentary technology which was readily adapted from pre-industrial European models, and in many regions sheep could be depastured on virgin country, with the ploughing back of profits being used to effect a gradual installation of the equipment necessary to accelerate the rate of production. While international demand remained buoyant, wool-growing was almost indecently profitable; being independent of local markets, it could outrun other forms of occupation; and the imperishability of the product and its high value-to-weight ratio mitigated the inconvenience of relying on inefficient transportation facilities. For many years it seemed that there was practically no physical limit to pastoral expansion.

But pastoralism's very success created problems of another order. Investors both local and British competed to participate in the industry, forcing the pace of expansion and bidding up the price of stock and land. Colonial governments made strenuous attempts to divert a portion of the proceeds of wool-growing into the public purse. And the many landless colonists who felt that the pastoral interest was excluding them from their rightful share in colonial resources mounted a series of political campaigns for land redistribution. The vigour with which the competition for land was prosecuted reflected the uneasiness of the relationship between the
wealthy pastoral sector and the highly urbanized society whose emergence constituted the obverse of pastoral landed dominance. This was a relationship in which the interests of British capital were vitally involved, and the colonizing power showed little inclination to stand aside from the conflict. The interplay of all these forces was to have profound consequences for the distribution and utilization of the colonies' land, and ultimately for the shape of Australian colonization.

The ramifications of economic conflicts in the colonial parliamentary arena have been extensively studied by political historians, and it is not proposed that they be further examined here. The concerns of this study are twofold: first, to examine the implications of proprietorial competition and political conflict as they relate particularly to the pastoral expansion and crisis of 1880 to 1902; and, secondly, to assess the manner in which the British connection entered into, and was in turn affected by, the emerging pattern of intra-colonial class relationships. Some of the background to these questions and the issues involved will be discussed in a schematic fashion in the following sections and their particular contribution to New South Wales outback squatting explored in the body of the text.

Pastoral Investment: The Boom Years

The geographical dispersal of the colonial flock, the pastoral industry's capital requirements and the distribution of the proceeds of pastoralism were all critically affected by the outcome of a series of struggles for economic control which
took place in the colonial legislative arena. The State's role as ultimate landlord, its control over railway construction and its capacity to redistribute income between classes and sectors of the economy by varying its sources of revenue and its programmes of disbursement combined to make colonial political power an economic prize of no small consequence. New South Wales, in particular, while being at the forefront of Long Boom pastoral expansion, was also the scene of a persistent, vituperative struggle between competing economic interests, each intent on securing control over the State for its own ends.

In each of the key areas of economic policy - public construction, trade policy and Crown land distribution - the pastoral lobby's early paramountcy came increasingly under challenge in the course of the boom as the squatters' parliamentary representation dwindled. On the question of tariff policy the free trade parties with which the squatters identified were opposed by a growing manufacturing lobby intent on gaining protection for import-replacing industries and by farmers' spokesmen urging the imposition of tariffs on imported grain. While public works, and especially railway construction, were generally bedevilled by conflicting parochial loyalties, the claims of the far-flung pastoral districts had to contend with an increasingly vocal lobby on

behalf of urban and agricultural interests. But it was on the crucial land issue that the pastoral lobby was most isolated; from the earliest years of the boom, the pre-emptive occupation of cheap Crown land on which squatting had initially depended came under challenge from a powerful closer settlement lobby which linked urban and agricultural interest groups with the aspirations and idealism of the landless.

The ensuing conflict was long and bitter. From the first the odds were against the closer settlement "push" which carried in the Crown Lands Alienation and Occupation Acts of 1861. The cattle-based pastoralism of the New South Wales interior was in decline, with the market for stock glutted and pleuropneumonia moving through the herds; but wool-growing was rising in its place to usher in a period of extremely high profitability which would place huge incomes at the disposal of the squatters against whom the land legislation was directed. New South Wales squatters led the increase in production which lifted Australian wool exports from £3.7 million to £15.0 million between 1861 and 1877 and their share of total export income from 22% to a massive 59% in the same period.

With wool-growing so much in the ascendancy the squatters' privileged position was difficult to assail, and the Land Acts of 1861 provided little ammunition for the purpose. Whether the deficiencies of the Acts arose from sheer naivety or from an underestimation of the squatters' economic advantage, their basic strategy was sorely misconceived. They provided for small holdings to be taken up under the principle of "free selection before survey" but left this provision open to abuse by failing to specify adequate checks on the bona fides of selectors; at the same time they recognized certain pre-emptive claims by the pastoralists and made land available at auction with reserve prices which were low by market standard. This gave the squatters both the opportunity and the incentive to secure their privileged status. The Acts entrenched a distinctly unequal competition between squatter and selector in which the squatter was left free to make full use of the advantages he enjoyed by virtue of his prior occupation and superior knowledge of the land, his capacity to influence local officials charged with the implementation of the Acts and, above all, his ability to produce the cash to buy his way out of trouble if necessary.

The squatters made use of the hiatus which followed the passage of the Act to have large areas of prime country in the Riverina officially reserved from selection, and after

the Acts were implemented a variety of devices was available to those who wished to safeguard their properties. Improvement purchases were made around buildings and watering points, and sometimes around token structures erected expressly to facilitate purchase. "Friendly" selectors were employed to take up land along the river frontages and in other areas which were likely to attract agriculturalists. Bona fide selectors were harassed by constant inspections to ensure that they were fulfilling the Act's residence requirements and taken to court on the slightest pretext.

Finally, if no other means would suffice to deter selection, the squatters were able to take out freehold over their runs, or at the least over strategically-placed points. Freehold purchase became more common in the 1870s as pressure from selectors intensified, and, after some of the loopholes in the Acts had been closed in 1875, the volume of purchases further increased, peaking at £3 million in 1877 and remaining high into the early 1880s. If a squatter was unfortunate enough to encounter a serious competitor in the auction the cost could be ruinous, but uncontested auctions were the rule and most of the freehold taken up was purchased at the upset price. Even if the pastoralist could not finance freehold purchase from his own pocket, borrowed funds were comparatively easy for him to obtain. The profitability of wool-growing attracted interest on the part of private lenders and financial

institutions alike; this was supplemented by, and often merged into, the use of family connections to obtain borrowed funds. The lender could scarcely lose out of financing wealthy pastoralists to purchase freehold, as he received both the interest on the loan and an enhanced security over the assets mortgaged to him. At least one lending institution actively encouraged its clients to purchase freehold, and financiers generally benefited from the rising interest rates which accompanied the increased demand for borrowed funds.

But in spite of all these efforts, the squatters could not entirely eliminate selection. In the good seasons of the early 1870s in particular, many Riverina squatters were taken by surprise when selectors applied for areas which had been considered relatively safe. Furthermore, as pastoralism spread into the back blocks and the use of paddocking became more widespread, the purchase of strategic areas on the holding became insufficient to safeguard improvements and wholesale land purchases were increasingly necessary. Some pastoralists were inclined to let selection take place rather than face the cost of completely securing their holdings. Many assumed that they would be able to take the land back when the first dry season came and wiped out the smaller selectors, but these hopes were only partly fulfilled. The smaller selectors

did suffer in the bad seasons, and many sold out for a song, but the land they surrendered had to be shared between the original pastoral lessees and the wealthier selectors, many of whom had built up substantial family holdings by the latter years of the boom. The rise of the intermediate-sized holding was facilitated by private subdivision of the original pastoral properties, which was widely used to finance freehold purchase and equipment of the remaining sections or simply to take advantage of a rising land market. Subdivided blocks and aggregated selections were often used for mixed farming, and these changing patterns of land ownership and use permitted the emergence of a moderately wealthy farmer/grazier class which in the long term made substantial inroads into the squatters' control over the land.

The competition for land had, broadly speaking, three main implications for the pastoral industry. First, the sale of land permitted the State to cash in on pastoral profits to an unprecedented extent, at least for the short term, and correspondingly diminished the income at the industry's disposal during its period of greatest flock expansion. Secondly, the high cost of land purchase in the better-watered central districts artificially enhanced the attractiveness of the drier, purely pastoral outback districts of New South Wales and Queensland in spite of the fact that pastoralism in these areas was riskier and less efficient than further east.

Finally, the selection legislation had resounding effects, both direct and indirect, on pastoralism's capital requirements and its capacity to finance its expansion internally. To begin with, the cost of interest on purchasing freehold over a central districts run was about eight times that of an equivalent Crown lease. In addition, the legislation provided a strong incentive for squatters in areas subject to selection to accelerate the installation of improvements, irrespective of their effect on productivity, to facilitate improvement purchases. All the associated costs were then passed on to a private land market which was already ridden with speculation and price inflation; that is, they shifted to the realm of competition among pastoral investors and out of the arena of the conflict between the squatter and the aspiring smallholder.

Before discussing the impact of the private land and stock market on the course of pastoral investment it is necessary to examine the interpretation of pastoral expansion put forward by N.G. Butlin, primarily in his *Investment in Australian Economic Development*, which has remained substantially unchallenged in spite of numerous criticisms of detail. Butlin emphasised the discontinuities in pastoral development during the Long Boom, identifying three dominant modes of investment which he claimed broadly corresponded with particular time-periods. The first form of investment, which

he described as characteristic of the 1860s in New South Wales, was the gradual equipment of station holdings using the stations' own resources, principally of underemployed labour. The second, corresponding with the major fencing programmes of the 1870s, involved recourse to the market for contract labour and short-term finance. The third, dominant in western New South Wales and Queensland during intermittent booms after 1879, was one of rapid equipment of entire stations based on substantial use of imported capital and conducted not by pastoralists but by real estate speculators. Thus, in Butlin's words, pastoral investment "based initially on long-term expectations,... eventually provided a rationale for the growth of a powerful real estate interest in the industry," and it was this "transition in attitudes" or "'deterioration' in the criteria of investment" which was primarily responsible for the long-run instability of the industry.

However, these alleged discontinuities appear to have been differences of degree rather than of kind. The earlier phases of development seem to have been rather less gradual than Butlin had supposed. Buxton has pointed out that Butlin's evidence, being mainly derived from sheep stations, neglects the very different pattern of development on Riverina cattle runs, where improvements were being erected on a large scale by contract labour from the late 1850s. Successive accounts

21. Ibid., p. 58.
22. Ibid., pp. 418, 416 respectively.
from the 1860s and 1870s indicate that in the western Riverina and parts of the Darling the pattern of development adopted was substantially similar to that employed in the 1880s. In particular, the stocking of the unwatered back-blocks required a substantial initial investment in watering facilities; the difference between the development of the 1880s and that of the earlier period arose principally from the fact that a far larger number of back-block runs were being developed in the latter period than in the 1860s, when cheap river frontage runs were freely available.

The assumption that the enterprises of the earlier period were largely self-financing is also open to challenge, and Butlin himself presents a substantially modified account of early financial arrangements at a later stage in his work. Though reliance on borrowing from financial institutions was by no means as widespread in the first two decades as it was during the 1880s, private funds were redeployed through numerous channels to buy freehold and support new ventures. Squatting companies and wealthy squatters with multiple holdings diverted profits from established holdings into setting up new runs or used their earnings from cheap runs on the pioneering fringe of the industry to complete the equipment

of central districts properties. Many of the first generation squatting families were also linked by marriage, and the kinship network afforded funds for many an enterprising young man to set himself up on his own account. Funds also came from colonial sources outside the industry; urban financiers were variously involved as outright mortgagees, as absentee owners and as members of partnerships in which they were associated with pastoral practitioners who were prepared to take charge of property management in return for a share of the profits and the prospect of eventually taking sole control by buying out their partners from the proceeds of the station. The principal differences between the early period and the 1880s were in the level of indebtedness and the extent of British involvement in pastoral lending; these shifts will be examined in more detail below.

Finally, the distinction between an early phase of development in which investment was carried out by legitimate pastoralists with the object of improving productivity and a later phase in which stations were equipped by speculators for the sake of capital gains is not as clear as Butlin suggests. Speculative purchase and development were by no means absent.

during the early years of the boom; nor can a rigid distinction be drawn between the legitimate pastoralist and the land speculator. Though cases can be found of pastoralists who had no interest in land dealing and speculators who had no intention of working the properties they purchased, the more remarkable feature of pastoralism during the boom years was the integral association which developed from an early stage between land speculation and "legitimate" pastoral activity.

The opportunities for capital gains were multifarious, and the squatters missed few chances to levy charges on later entrants. Bonuses could be imposed simply by virtue of the fact that an unoccupied stretch of land was registered in a speculator's name, and pre-emptive registration was common practice at and beyond the fringe of pastoral occupation from the time of first white penetration until the early 1880s. The largest windfall profits, however, were those made from the development and resale of runs.

It seems likely that even in the early stages of pastoral expansion proprietorial considerations had played a larger part in the improvement of runs than Butlin allows. Fencing was often installed to prevent animals straying and to protect the run against the incursions of drovers, bullock-drivers and adjacent landholders' flocks. In conformity with this, as Williams and Buxton have both noted, the pattern of gradually extending paddock fences out from a nucleus of fenced

30. See below. pp. 33, 40ff.
yards and horse-paddocks was less common in the Riverina, and the installation of perimeter fences prior to subdivision more usual, than Butlin has suggested. But as the wool boom progressed, proprietorial considerations came to the fore and investment for the sake of capital gains became more aggressive. Runs were commonly taken up for a few years, improved and their flocks allowed to increase, then sold at a premium in a good season. The fight against closer settlement, too, was directed not only towards safeguarding the integrity of pastoral enterprises but also towards protecting and enhancing anticipated capital gains on resale.

It was therefore a rare squatter who simply found a piece of land, improved it, secured freehold over it and stayed on it. Most successful pastoralists seem to have supplemented their incomes with a modicum of judicious land dealing, and the turnover of land ownership was fairly high throughout the boom years. In the 1860s and for much of the 1870s, with intensive inland pastoral development largely confined to the Riverina, land prices were far lower in the vast territories to the north and west. The sale or subdivision of an established Riverina run could provide capital for development on a larger scale in a new area. Some pastoralists diversified their holdings while maintaining their Riverina runs, but others

32. See e.g. R.B. Ronald, The Riverina: People and Properties, Melbourne, 1960, passim.
traced a course via a series of windfall gains from the Riverina into the more remote corners of western New South Wales and Queensland. As the pastoral industry extended into these inhospitable territories, speculation and legitimate pastoralism became virtually inseparable. Absentee ownership was increasingly prevalent, and it made no material difference whether the city-dwelling runholder listed his occupation as "pastoralist", "financier" or "land dealer".

But if the motivation for pastoral investment remained substantially unchanged, the relationship between the growth in the volume of investment and the increase of pastoral proceeds did not. Pastoralism in the new semi-arid squatting districts was less efficient than central district squatting on several counts. Transportation costs were higher, flock reproduction rates lower, droughts more common and, especially in the back country, a large initial investment was required before runs could be permanently stocked. Rapid growth, especially when based on localized land booms, generated additional problems. High initial purchase costs, often entailing some degree of indebtedness, impelled new entrants to speed up the equipment of their holdings so they could maximize output in the shortest possible time. In many instances this produced labour shortages and overstrained the supply of construction materials, further escalating the scale of expenditure required. The demand for sheep repeatedly outran

33. See e.g. Bailey, op. cit., p. 88; Randell, op. cit., pp. 153-163.
the flocks' capacity for natural increase, and the price of stock rose correspondingly. This added a further burden to entry costs and accentuated the economic impact of stock losses. In the 1880s especially the internal economics of the industry were distorted by the continuation of heavy investment at the margin of expansion. Established squatters maximized breeding rates to take advantage of the market in stock; in the process they subjected their land to heavy grazing pressure and created supply conditions which exacerbated the long-term downswing in international wool prices. High stock prices kept property valuations at inflated levels long after the land booms had subsided. By the early 1890s pastoralism was in so precarious a position that any check to expansion would precipitate, not merely a fall in current income, but large capital losses across a wide range of pastoral assets.

It is clear, then, that the phenomenon of pastoral over-capitalization was not so much a product of a shift in attitudes or investment criteria as of the perpetuation of an investment pattern derived from a period of extremely high returns into a set of material circumstances to which it was inappropriate. Throughout the boom years the protection and enhancement of capital values played a major role in the impetus for pastoral investment, its scope being restrained principally by shortages of capital. While intra-industry sources of capital remained important, the volume of new investment had to bear some relationship to the industry's increase in yield. This ceased to be the case during the early 1880s. A sudden inflow of British capital was used to finance
an unprecedented land rush; then, in the latter part of the decade, imported funds were used to an extraordinary extent to prop up failing pastoral enterprises, even after the surge of activity on the land market had subsided. The source of the disjunction between heavy pastoral investment and stagnating profits is thus to be found in the manner in which British funds were channelled into the industry during the latter stages of expansion.

The Imperial Connection

Until the rise of urban land speculation in the latter 1880s, pastoralism was a pre-eminent focus for British lending to the colonial private sector. It was hardly surprising that squatters should have enjoyed the status of privileged borrowers. Squatting was widely seen as being far less speculative than mining. By comparison with manufacturing, it offered excellent security for loans; this was especially so after land tenure had been stabilized, but even before land mortgages became widespread wool and stock provided a fairly reliable source of collateral for short-term finance. And, unlike the smallholders who predominated in the agricultural sector, squatters were usually wealthy individuals, many of whom had solid social and familial connections which could be enlisted to guard against the possibility of default. In the course of time the matter of connections became increasingly important as the distinction between the squatting fraternity and the colonial financiers who decided much of the disposition of British and local finance became blurred by financiers' taking up properties on their own account and
squatters' participating actively on the local boards of the financial institutions or occasionally withdrawing from direct involvement in squatting to become pastoral advisers to the finance houses. The fact that British investors were only too willing to permit their funds to be managed by such prominent, reliable colonial citizens left the pastoral financiers remarkably free to employ British capital in their associates', and at times even their own interests.  

British capital thus became a major factor in the competition for land. As mentioned above, it provided the squatters with an important weapon in their struggle to thwart closer settlement. Borrowed funds also assisted the squatters to entrench themselves by giving them room to purchase flocks and weather bad seasons during phases of heavy capital expenditure. This aroused the rancour of the smallholders, who were leading a hand-to-mouth existence and garnering funds wherever they could, generally at usurious interest, in an attempt to fulfil the improvement conditions on their selections. The fact that British capital was perceived as a class instrument exerted a powerful influence on the ideological complexion of smallholder populism and later of the political labour movement, both of which were to place heavy emphasis on the establishment of state-controlled lending institutions.  

34. See pp. below.  
But even for the squatters borrowed capital was not an unmitigated blessing. During the 1860s and 1870s the inflow of funds was small, interest rates were high and foreclosure was by no means unknown.37 More importantly, though it can be argued, as Butlin and Barnard have claimed,38 that during the earlier stages of pastoral expansion the availability of borrowed funds for intra-industry transactions played a creative role insofar as it freed locally-accumulated capital for investment in capital facilities, this argument ceases to apply in the 1880s. During the early 1880s the sheer volume of imported capital became a major factor in the inflation of land and stock prices. Through the land rush of 1880-1882 and the continuation of heavy stock purchases over the remainder of the decade, wealth was redistributed from new entrants and squatters in the marginal pastoral zones to pastoralists in established districts and to investors with pre-emptive claims over land in the pioneering areas. Capital imports now began to have a destructive effect, setting in motion the vicious circle of indebtedness, compulsory overstocking and overproduction of wool which emerged among new entrants and squatters at the fringes of the industry, diverting a growing proportion of the industry's proceeds into the pockets of local and British financiers and eventually leading the industry into a state of crisis.

British investment's role in sustaining competition for pastoral land and stock was paralleled by its contribution to the urban land boom of the latter 1880s. In both cases a large part of the capital invested proved unproductive, principally because the sudden inflow of outside funds was deployed to manipulate markets in existing assets for the sake of protecting capital gains which were threatened by a failure of locally-generated demand. That some of the practices associated with this phenomenon were ethically dubious is of little account, being merely symptomatic of the close association between those who controlled the lending of British funds and those who borrowed them. The principal problem was that British investment in the colonial private sector contributed largely to imbalance in the colonial economy. The obligations it entailed, in the form of interest and dividend payments to Britain, were not matched by the consequent increase of production, much less of export earnings. This was especially serious when import-replacing industries were underdeveloped and the colonial governments were looking to increased export earnings to offset the balance of payments problems arising from their heavy overseas borrowing for public construction.

In this context it is pointless to discuss the origins of the 1890s depression in terms of "external" and "internal" causative factors. These are arbitrary categories which refuse to accommodate the genealogy of the phenomena in

39. See Chapter 4 below.
question. Methodologically they imply a preoccupation with the immediate; this has its *reductio ad absurdum* in a quasi-psychological discussion of the relative importance of "internal" and "external" factors in British investors' motivation for eventually withdrawing their funds from the colonies. Far more important is an appreciation of the disequilibrative impact of British capital inflow on the colonial economy in the medium term (that is, from about 1880) and of the extent to which the obligations this entailed magnified the adverse effects of the eventual downturn.

Nor can the internal/external dichotomy be reintroduced at one remove by blaming the instability of colonial development on the lack of restraint displayed by the colonial financiers who were entrusted with the disposition of British funds. British investors were no less willing than their colonial agents to build up a clientele among the wealthy colonial land-owning class. At several points during the 1880s the inflow of capital earmarked for pastoral finance and urban development was such that financial institutions had

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40. For example, among the "essentially domestic" problems to which Butlin attributes the colonies' external disequilibrium in the early 1890s, "easy credit conditions due to the availability of British funds" figure prominently (I.A.E.D., op. cit., p. 414).

41. Though E.A. Boehm (*Prosperity and Depression in Australia, 1887 - 1897*, Oxford, 1971) notes that "diminishing returns soon set in if the debate concerning the relative independence or importance of particular internal and external forces in making for the depression is pursued too far" (p. 324), he engages in speculation of this kind himself (pp. 321-3).

difficulty finding outlets for their funds; to display restraint in such a situation was tantamount to voluntarily renouncing a share in a seemingly lucrative market. In the case of pastoral investment the large measure of discretion which British investors permitted their colonial agents and clients reflected and reinforced the squatters' identification with British interests. Within certain limits the squatters' interests were congruent with those of the British investors. If they exceeded those bounds and ceased to provide their financiers with an adequate return, the latter were equipped with the sanctions necessary to bring the colonists to heel; but for the most part financiers and squatters were united in opposition to other sectional and class interests within the colonies. Debtors and creditors combined to form a discrete pastoral interest which, while taking on manifold political forms in employer associations, taxpayers' unions and anti-democratic lobby groups, also served as a vehicle for the expression of imperial interests within the colonial political setting. Indeed, at times it appeared that the members of this group harboured more affection for their merinos than for the majority of their fellow-colonists.

To argue that the colonies' class structure was as much shaped by imperial influence as was the composition of their gross domestic product is not to imply that Britain held puppeteer-like control over the process of colonial development. A prolonged debate over the interpretation of the Long Boom and depression has hinged around this Eurocentric notion, attributed rather unjustly to Brian Fitzpatrick, and
around N.G. Butlin's countervailing argument for the overriding importance of "internal" factors. Many of the limitations of the subsequent discussion can be traced to Butlin's lack of a clear theoretical focus. His *Investment in Australian Economic Development* is in essence an attempt to prove the non-existence of absolute British control over the Australian economy by sheer weight of counter-example, framed within a marginalist preoccupation with the responsiveness of the rate of growth to "external" and "internal" factors at the immediate level of causation. It offers an investor's-eye view of Australian development based on experiential categories which are often imprecise and lacking in critical or explanatory power because they take as given the existence of capitalist wage and property relations, not subjecting their impact to even the most cursory analysis. As a result, aggregate effects are emphasised at the expense of distributive effects and the nexus between the imperial connection and the relationship governing the distribution of power and wealth within the colonies is left unexamined. Above all, Butlin avoids raising the question of exploitation which, though perhaps not a polite term, is nevertheless critical to any discussion of imperialism, in that it permits an examination of imperial control, not in the abstract but in its specific, concrete instance, as it advantages the metropolitan power at the expense of the local economy.43 In the absence of any such yardstick, a large part

of the debate stimulated by Butlin's work has been confined to an ill-directed, inconclusive trading of examples and counter-examples of "internal" and "external" influence.

This study is a necessarily limited attempt to move towards an alternative framework. Insofar as it addresses itself to the problem of exploitation its emphasis is congruent with that of recent Marxist discussions of Australia's imperial connections. But, though influenced by the Marxist theory of imperialism, this is not a theoretical work; rather it is intended to furnish material for reflection on some of the elements of the latter nineteenth-century Australian social formation which determined Australia's unique, ambiguous position, neither peripheral client nor "young centre", within the imperial nexus. To this end it will attempt to elucidate the complex of political and economic relations centring on the pastoral capitalist class through an examination of the expansion and crisis of pastoralism in the western districts of New South Wales.

MAP 1: Western New South Wales Towns and Territorial Division Boundaries, 1901

Key:

© Centres with population over 500
* Centres with population under 500
--- Territorial Divisions under 1884 Land Act
---- Eastern Boundary of Study Area

Sources: N.S.W. Statistical Register and Census, 1901
CHAPTER 1

A Big Man's Frontier: Western New South Wales to 1878

For sixty years after the Australian colonies were founded, settlers seldom ventured into the interior of the continent. The numerous expeditions sent to explore the inland revealed nothing to tempt colonists away from the more temperate districts close to the seaboard. Explorers followed the sluggish, meandering rivers of the Murray-Darling system westward, spurred on by the vision of a fertile inland basin, to find only waterless plains scorching under a desert sun. In 1843 Charles Sturt carried the search for the chimerical inland sea still further west, beyond the Barrier Ranges; he returned disillusioned, having barely escaped with his life from a country which he described as "one of the most gloomy regions that man ever traversed". Yet, within a few years of his journey, white settlers were making their first tentative forays into the lands around the Darling, and during the next three decades the interior of New South Wales was brought firmly within the ambit of the British imperial economy.

The Occupation of the Plains

At first sight the interior held few attractions for the intending settler. The intense heat and searing winds of the summer months, the bitter nights of winter, brought discomfort to man and beast alike. As one followed the

1. Quoted by Hardy, op. cit., p. 51.
seemingly endless course of the rivers to the west, the open woodlands on the eastern edge of the plains merged imperceptibly into a drab wasteland of low shrubs and trees, interrupted only by the wooded river frontages and isolated chains of stark, rocky hills. The vast expanses between the major rivers were almost devoid of natural water catchments, rendering overland travel difficult at the best of times and perilous in a dry season. Surveying this wilderness, an early observer might well have believed that only the lure of gold would induce Western man to inhabit such an inhospitable land.

Yet from the latter 1840s white settlers began to filter through in ever-increasing numbers, drawn to the region not by mineral discoveries but by the profits to be made from raising cattle and sheep on its native pastures. With the extension of pastoralism into the central districts of the colony, squatters had been surprised to find that their animals thrived on the strange, unprepossessing grasses and shrubs they encountered there. The same species were to be found in plenty on the plains to the west.

Five major vegetational formations dominated the western districts. In the north-east of the region, extending beyond the Darling, the land was clothed by box

MAP 2: Western New South Wales: Vegetational Formations

Key:

- Semi-arid Shrub Woodlands
- Arid and semi-arid low Woodlands
- Shrub Steppe
- Acacia Shrublands
- Eucalypt Shrublands
- Arid Tussock Grasslands

Based on Moore, ed., op.cit.
forests (semi-arid shrub woodlands) which stretched south through the western Riverina onto the Murray River frontages. To the west, the box country graded into shrublands and lower arid woodlands. The north-west was occupied by mulga (acacia) shrublands interspersed with areas of saltbush (shrub steppe) and smaller pockets of Mitchell grassland in the far north. In the central zone of the interior this gave way to a belt of arid woodland characterised by the prevalence of rosewood and belah. A large area of saltbush occupied the south-east, while the south-west corner was covered by two large areas of dense mallee (eucalypt) shrubland separated by the woodlands along the Murray-Darling junction.

The mallee alone of all these formations was dominated by a species which was not palatable to grazing animals. The other formations all contained a range of edible plants, from grasses to small trees. Pastoralists were able to turn to their own advantage those very qualities which allowed the native vegetation to survive the rigours of the plains' hot and droughty climate. The isolated thunderstorms which delivered much of the region's rainfall were quickly followed by a luxuriant growth of palatable grasses whose seeds sprang into life after months spent dormant in the loose, dry soil. Stock grazed these pastures preferentially when the season was good, while in a dry spell they fell back on

5. Thunderstorms usually covered an area of between ten and fifteen square miles (see Moore, ed., ibid., pp. 247-9).
browsing the numerous edible trees and the perennial saltbushes, bluebushes and mulga which dominated the shrublands and populated the understore of the woodlands. A consistent supply of fodder seemed thus assured, in spite of the region's erratic rainfall.

Nor was this the only virtue the pastoralists found in the plains environment. Few of the indigenous plants were poisonous to stock and only a small number of shrubland species had thorns or spines to protect them from grazing animals. There were few native animals to prey upon stock or compete with them for pastures and the indigenous fauna carried no harmful stock diseases. Among introduced diseases, parasites still caused problems but footrot and a range of bacterial infections were checked by the hot, dry climate. Timber for fuel and construction was provided by the box forests in the east, the Murray River red gums which shaded the river frontages and the hardy cypress pine which grew on the low, sandy ridges of the interior. Furthermore, the woodlands and mulga shrublands had been moulded by centuries of periodic burning-off at the hands of the Aboriginals until

6. Ibid., 240-3, 255-7; Slatyer and Perry, ed., op. cit., p. 86.
8. Ibid., p. 252.
their open, park-like appearance and the lush grasses they produced after rain were such as to inspire early settlers to lyrical eulogies.\(^\text{11}\)

But only along the major rivers was this abundance of fodder coupled with a permanent natural water supply. It was thus to the frontages that white settlers first turned. The extreme west of the Riverina was the first part of the region in which settlement became firmly established. By 1848 the Murrumbidgee and Lachlan frontages had been largely taken up and cattle runs extended five or six miles back from the water.\(^\text{12}\)

Meanwhile in the north, settlers were establishing a foothold on the banks of the Bogan river. From these two bases the penetration of the Darling lands began in the latter 1840s, with cattle being moved onto the Barwon frontage in 1846 and up the Darling from the south shortly afterwards.\(^\text{13}\)

The occupation of these new lands was tenuous, and many of the "settlers" were wandering stockmen glad of the opportunity to roam as they pleased across country to which no white man laid claim.\(^\text{14}\)

When faced with drought, labour shortages and open hostility from the Aboriginals in the early 1850s, the

\(^{11}\) See e.g. Royal Commission to Inquire into the Condition of the Crown Tenants in the Western Division of New South Wales, Minutes of Evidence, N.S.W. Legislative Assembly, Votes and Proceedings, 1901, vol 4. (henceforward cited as R.C.W.D. Minutes); evidence of R. Griffiths, p. 356.

\(^{12}\) Ronald, op. cit., p. 58.


\(^{14}\) Hardy, ibid., pp. 63, 79; Jervis, ibid., p. 147.
whites on the Bogan and Darling frontages beat a hasty retreat to the strongholds of the Namoi and the western Riverina. 15

After this episode, settlement on the Bogan was banned until 1858, restricting access to the Barwon frontages. 16 But in the south major changes were afoot which were to ensure that the setback was only temporary. The advent of the Victorian gold-rushes had provided pastoralists in areas close to the border with a ready-made market for meat, while the inauguration of the Murray steamboat trade in 1853 had boosted hopes that the western Riverina, and perhaps even the Darling, would soon have a direct transport link to Adelaide and Melbourne. With the return of good seasons pastoralism resumed its northward march up the now "pacified" Darling frontage. By 1855 licences had been granted for the occupation of land as far upstream as Mount Murchison, beyond the present site of Wilcannia; 17 the following year speculation in Darling lands was reported in South Australia 18 and in 1858 there was a rush to lay claim to the plains between the Darling and the Barrier Ranges. 19

By the end of the decade new horizons had opened up for pastoralism in the interior. In 1858 river transport was at last extended along the Murrumbidgee up to Hay, which

17. Hardy, op. cit., pp. 79, 81.
quickly developed as a major port serving not only the western Murrumbidgee runs but also the Lachlan pastoralists, whose own river was swampy and un navigable. The greatest triumph, however, was the successful navigation of the Darling in 1859, when one of the two rival riverboat captains who tackled the river managed to pilot his craft as far as Brewarrina.

Although the Darling was awkward to navigate even in a good season and untrafficable during dry spells, it was cheaper and faster than the overland transport by bullock dray on which the earlier inland squatters had been forced to depend. It was eminently suited to wool transportation and woolgrowing quickly superseded the raising of beef cattle along the rivers. As early as 1861 a steamboat captain observed that the cattlemen along the Darling between Mount Murchison and Bourke had turned to wool-growing and similar changes were evident even further upstream. The north-west was overtaken by a minor settlement boom as pastoralists rushed to exploit the cheap, newly-accessible land along the

22. The river was closed again as early as 1860 (ibid., p. 86.).
23. See above, p. 2, on reasons for wool's adaptability to slower transport modes.
24. Jervis, "West Darling", op. cit., p. 153; L. Peel, "History of the Australian Pastoral Industries to 1960", in Alexander and Williams, ed., op. cit., pp. 54-5. Cattle were still put onto virgin country in some areas to trample down scrub (Butlin, I.A.E.D., op. cit., p. 69).
Darling's northern tributaries. With high prices reigning on the international wool market, the Warrego and Bree frontages were soon taken up. The Bogan, itself reoccupied after the lifting of the settlement ban in 1858, served once more as a staging point for settlers moving into the north-west.\textsuperscript{25} The influx into the north-west was swelled by a movement of pastoralists upstream from the south Darling, where scab had broken out among the flocks in the early 1860s; but their hopes of escaping the disease proved vain, as it soon followed them up the river.\textsuperscript{26}

In the 1860s, there was also a major extension of settlement away from the river frontages and into the naturally waterless "back blocks". The movement into the back country started among the western Riverina and south Darling cattlemen during the 1850s, but gathered little momentum further north while frontage blocks were still freely available.\textsuperscript{27} Then, with the extension of the river trade, blocks in the accessible triangle between the Lachlan, the south Darling and Willandra Creek came into demand,\textsuperscript{28} and after severe flooding in 1863-4 pastoralists showed increasing interest in the back blocks of the west Darling.\textsuperscript{29} By the mid-1860s settlers had forged into the outback as far as the Paroo and the better-watered areas of the Barrier Ranges.\textsuperscript{30}

\begin{itemize}
  \item \textsuperscript{25} Jervis, \textit{ibid.}, p. 146; "Western Plains", \textit{op. cit.}, pp. 6-7.
  \item \textsuperscript{26} Hardy, \textit{op. cit.}, p. 94.
  \item \textsuperscript{27} Ibid., p. 79; Ronald, \textit{op. cit.}, pp. 104-5.
  \item \textsuperscript{28} Jervis, "Western Plains", \textit{op. cit.}, p.8.
  \item \textsuperscript{29} Hardy, \textit{op. cit.}, p. 134.
  \item \textsuperscript{30} Ibid., pp. 131-3; Jervis, "West Darling", \textit{op. cit.}, pp. 153-4.
\end{itemize}
Characteristically, this spate of settlement was followed by a period of stagnation and partial retreat from 1868 to 1870. Drought reduced wool production and disrupted river transport, while a slump in international wool prices cut into the returns the pastoralists received even when they managed to get their paltry clips to market.\(^{31}\) Expansion was checked and some runs abandoned along the Bogan and the mid-Darling.\(^{32}\)

But in the early 1870s with the return of good seasons and a renewed boom in wool prices, there was once again a waxing of interest in the western districts. The mid-Lachlan frontages were taken up early in the decade and the back blocks shortly afterwards.\(^{33}\) From 1875 the long-neglected dry plains between Hillston and Bourke were opened up as pastoralists moved to take advantage of the transportation facilities and growing local meat market brought by copper mining at Cobar and Mount Hope.\(^{34}\)

The areas abandoned in the late 1860s were reoccupied and settlement intensified on the west Darling back country. Between 1871 and 1879 six hundred new blocks were taken up in the area which was to become the New South Wales Western

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34. Jervis, "Western Plains", *op. cit.*, pp. 9, 80, 83-84.
By the end of the decade, with only the most remote land along the South Australian border remaining unclaimed, the New South Wales pastoral frontier had effectively closed, forcing adventurers in search of cheap virgin country to turn to the interior of Queensland and the Northern Territory.

The Changing Shape of Western Pastoralism

Pastoral penetration of the plains was far more than a simple process of geographical diffusion. As the frontiers of occupation were pushed out, there were fundamental changes in the pattern of western land ownership and use. While some of these changes were attributable principally to the intensification of settlement and the associated need to increase the volume of production from a set area of land, the development of the pastoral industry was also profoundly affected by the emergence of an oligarchy of colonial financiers and wealthy squatters who became increasingly involved in western pastoral ventures.

The big squatters' involvement in the occupation of the plains had begun during the 1850s. Many of the Darling and Murray frontage runs taken up then were occupied by Riverina pastoralists who used them in conjunction with their other holdings to fatten cattle for the meat markets on the Victorian

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35. Butlin, I.A.E.D., op. cit., p. 102. For the boundaries of the Western Division see Map 1, p. 26 above.
goldfields. While along the Murray frontages some moves were made to fence and water the back blocks, as was being done in the western Riverina, in most cases the squatters were attracted to the Darling frontages precisely because they could be exploited with a minimum of expenditure on capital facilities. Though a few squatters had a shrewd appreciation that, if the Darling proved navigable, windfall gains might be reaped from claiming land along the frontages, they were principally interested in applying the profits from operating their western runs to offset rising capital expenditures in the Riverina.

With the opening of the Darling river trade and the wool boom which followed, large squatters and pastoral entrepreneurs became interested in establishing fully-fledged, permanent stations along the river. The wool boom from 1861 to 1868 and the accompanying flock expansion had more than doubled the colonies' gross wool proceeds, which stood at £7.4 million by the latter year. The stagnation and price slump of the late 1860s were followed by a renewed boom, and gross wool proceeds reached £15.2 million in 1877. Huge fortunes were amassed by many squatters in the established wool-growing districts and the boom attracted financiers, speculators and entrepreneurs of every description into pastoral ventures.

38. Hardy, op. cit., p. 79.  
39. Ibid., pp. 73, 80-1; Williams in Barnard, ed., op. cit., p. 434.  
40. Butlin, I.A.E.D., op. cit., p. 98 (figures are estimates).
Fully-established pastoral properties were soon selling at a premium. The extent of freehold purchase in the central districts also grew as the good seasons of the early 1870s spurred the spread of smallholding and forced the squatters to invest heavily in safeguarding their enterprises. Capital invested in the established districts, especially in the Riverina, was increasingly tied up in asserting ownership over existing assets.

These developments exacerbated the pastoral industry's centrifugal tendency, enhancing the comparative efficiency of investment in the newer pastoral districts of western New South Wales and Queensland while providing those investors who had capitalized on the wool boom and the Riverina land price inflation with the large-scale funds required to establish extensive outback enterprises. In the 1860s prospective investors employed explorers to comb the back blocks of western New South Wales in search of likely areas of unclaimed land, while the Bogan River Company (later known as the Australian Pastoral Company) assembled huge holdings in the north-west. Some of the wealthiest squatters from New South Wales, South Australia and Victoria added western holdings to their personal empires, while smaller

43. These included Sir Samuel Wilson, James Tyson, Hugh Glass (who was to come to grief in the depression of the late 1860s) and Robert Barr Smith (NSW Treasury, ibid., and 2/2188, Transfers of Runs 1869.)
squatters reinvested capital gains from the sale or subdivision of Riverina holdings to take up and develop western runs. 44

In the latter 1870s, with heightened competition between squatter and selector in the central districts confronting the squatters with a Hobson's choice between letting their holdings be dismembered and assuming the crippling burden of wholesale land purchase, 45 refugees from the Robertson Acts swelled the flow of settlers to the west. The western districts were increasingly prized for their very aridity and the freedom from selectors which it conveyed, and the westward expansion of pastoralism became as much a retreat as an advance.

The quickening of interest in the plains afforded many opportunities for profit. The gains to be made from simple pre-emption were early recognized. Some speculative investors did not trouble to put stock on their land at all, or merely employed men to drove flocks across the runs to facilitate their claims. As late as 1882 there were complaints that much of the country between Cobar and Wilcannia was lying completely undeveloped, though technically "occupied" by speculators. 46 In other cases holdings were only partially

44. e.g. R.H. Kennedy (Bailey, op. cit., p. 105, Hardy, op. cit., p. 134); W.A. Brodribb (Australian Dictionary of Biography (henceforward cited as A.D.B.) vol. 3. pp. 237-9); the Desailly brothers (A.D.B. vol. 4. pp. 59-60).
46. A witness to the R.C.W.D. related how he had been employed to drove flocks around Coan Downs and Gilgurnia in the 1860s (R.C.W.D. Minutes, p. 547 evidence of A. Crombie). On the 1880s, see C. Lyne, The Industries of New South Wales, Sydney, 1882. pp. 233-4.
developed, with settlement concentrating around natural water holes, leaving the back country unstocked except after rain. Land claims were thus able to outrun the actual spread of pastoral occupation.

Apart from the profits pre-emptive land claims yielded to the individuals and companies who made them, they had a marked effect on the process of pastoral expansion. They formalized the occupation of the land, gradually pushing the sporadic, unlicensed settlement common during the pioneering period out into the less-favoured areas and eventually eliminating it entirely, assisted by government officials who were keen to regularize settlement and ensure that it returned a regular income to the Crown.

Pre-emptive land claims also hastened the closing of the frontier by artificially restricting the availability of land from non-market sources. By ensuring that new entrants to the pastoral industry were required not only to pay rent to the Crown as ultimate landlord but also to compensate prior occupants for agreeing to transfer title, this allowed pressure to be maintained on pastoral land prices in the west itself and indirectly in the central districts. In effect, the stakes of the game had been raised, eliminating competition from small fry and enhancing the potential for capital gains.

47. See e.g. Hardy, *op. cit.*, p. 133.
The large interests' dominance over the land market was still restricted, however, by the continuing presence of small pastoral holders who had taken up land in the pioneering period. In some cases the small men were content to sell out for a profit, and large investors were often able to play a waiting game, relying on the fact that their own superior access to capital would allow them to survive a slump or a drought while the smaller lessees went to the wall. This proved to be the case during the hard times in the latter 1860s. Heavily-committed pastoralists in the south were forced into insolvency or lost their holdings to their creditors, and large investors became increasingly prominent in land transactions in the north-west, often assembling huge holdings from several sources. A second step in the raising of the stakes was thus completed; not only had the price of taking up a given area of land been raised, but land was increasingly traded in consolidated blocks which could only be purchased by men of substantial means.

The consolidation of the western leases was clear by the mid-1870s. In 1875, of the runs in the Albert, Warrego and Darling districts not held by banks or finance companies, 55% were held by individuals or partnerships with eleven or more

49. Hardy, op. cit., pp. 95-6; Williams in Barnard, ed. op. cit., p. 434.
51. New South Wales Treasury, Transfers of Runs, 2/2189 - 2192 evinces the emerging pattern of wholesale transactions.
runs in the same district. Lessees with only one holding in their district accounted for only 4% of the runs, while at the other end of the scale 34% of leases were contained in estates of twenty-six runs or more. As some lessees had holdings in several districts, the concentration of ownership over the region as a whole was rather greater than at district level. Sir Samuel Wilson, the largest single landholder, held leases totalling almost three and a half million acres, and about a dozen other lessees had estates approaching or exceeding a million acres.\textsuperscript{52}

Pastoral technology and stock management practices changed markedly as the availability of unclaimed land diminished and holdings were aggregated in the hands of a few comparatively wealthy pastoralists. The earliest form of pastoralism on the plains was semi-nomadic and dependent on the changing availability of natural water supplies. The lesser pioneers followed their stock into the back country after rain, then returned with them to the frontages during dry seasons; larger stockowners employed stockmen and shepherds, many of them Aboriginals, to do the same.\textsuperscript{53} Capital equipment was virtually non-existent, labour intensity high and the grazing areas restricted for much of the year to land within easy range of the frontages and a few permanent water catchments.

\textsuperscript{52} Based on New South Wales Legislative Assembly, Votes and Proceedings, 1875-6, vol. 3, pp. 1034-1047.
During the 1850s and 1860s, as settlement on the frontages intensified, pastoralists began to install artificial watering points to allow the backs of their holdings to be permanently grazed. In many parts of the north-west, in the western Riverina and along Willandra Creek, earthen dams were placed across intermittently-flowing creeks, often eliciting retaliatory action from runholders downstream. On the south Darling and Murray runs squatters persevered with well-sinking in spite of a poor success rate. But the method of water conservation which contributed most to the opening of the back blocks until at least the 1880s was the sinking of "tanks" - simple excavations, often of considerable size, which held rainwater and runoff. Water conservation often entailed a substantial capital investment, but it allowed more stock to be run within the confines of each holding. Stock were still shepherded, but the grazing pattern was diversified to alleviate pressure on the frontages, which even in the late 1860s were becoming denuded and trampled by heavy grazing combined with the pressure of travelling stock.

A further step in the direction of capital intensity was the installation of fencing. Boundary fencing was installed on some western Riverina cattle runs in the 1850s,

55. Hardy, ibid., pp. 73, 99.
57. Hardy, ibid., p. 99; see also Buxton, op. cit., pp. 50-51.
58. Hardy, ibid., pp. 96, 98.
primarily to keep the landholders' stock in and others' out. In the following decade fences were constructed on a few runs around the Darling and lower Lachlan. But the construction of post-and-rail or brush fencing was too slow and expensive, and the gains from perimeter fencing too widely doubted, for the practice to appeal to more than a handful of pastoral investors.

Only in the 1870's was close shepherding rendered unnecessary by the eradication of the dingo and the widespread installation of fencing initiated in the west. It was realized that perimeter fencing coupled with the judicious distribution of watering points across a holding would eliminate the necessity of shepherding. Subdivision fences of the kind used in the central districts could be installed later; in the interim the sheep were kept in and protected by the fence and a dispersed grazing pattern promoted by the scattering of water supplies. Pastures could be grazed more evenly, reducing the amount of dust in the fleece; fewer lambs would be trampled by the flocks; and in the long term fewer permanent hands would be required on the station. By the mid-seventies the shift to fencing appeared inexorable. Galvanised wire became available from about 1873, allowing the rapid construction of durable fences. Within a year western pastoralists were buying wire as

61. Butlin, I.A.E.D., op. cit., pp. 92ff; Hardy, ibid., p. 179.
as fast as it could be shipped up to them,\textsuperscript{62} and by the end of the decade shepherding had been superseded by set-stocking along the frontages and even in parts of the back country.\textsuperscript{63}

During the 1870s the pace at which stations were equipped began to accelerate. In most of the back country it was necessary to put in water conservation facilities before the land could be permanently stocked; the gradual accretion of equipment was therefore out of the question. Furthermore, the practice of equipping runs rapidly to enhance their market value became increasingly common, as is indicated by the frequency with which runs were advertised for sale with substantial newly-erected improvements listed among their assets. For the purposes of private transactions in pastoral leaseholdings pastoralists maintained the fiction that the land, being Crown property, was of no intrinsic value. Prices were based on a figure per head of stock, incorporating surcharges for the value of improvements, the property's developmental potential and the previous holder's entrepreneurial initiative. With land and stock in heavy demand, the purchase of undeveloped runs and their resale with equipment and stock offered a double gain from charges imposed by virtue of pre-emption and from the natural increase of the flock.

This pattern of investment was by no means characteristic of the 1870s alone. In the 1860s the Desailly

\textsuperscript{62} Town and Country Journal, 18 August and 13 October 1874.  
\textsuperscript{63} Hardy, \textit{op. cit.}, p. 179.
brothers had reputedly spent £130,000 and at one point employed three hundred hands to set up Mossgiel station, only to lose it by foreclosure in 1869.64 And speculative investment in the 1870s was dwarfed by that of the following decade. However, the pace of development in the 1870s had a marked effect on the financing of western pastoralism, prefiguring the large-scale indebtedness of the 1880s and 1890s.

The largest pastoralists had no need to seek finance on the open market. James Tyson, Samuel Wilson, William Taylor and their ilk could cover development costs on their western holdings by diverting funds from other parts of their sizeable personal empires. The same was true of the urban merchants and financiers who had taken up holdings as absentees. Pastoralists of moderate means were in a far different position. In spite of high returns from wool and stock sales, a growing number of pastoralists fell into debt. Those who only had holdings in the west often had to borrow to finance improvements needed to lift the long-term rate of return on their holdings. Squatters with holdings in the central districts as well were sometimes worse off, as they faced the double burden of fending off selectors on the one hand and installing basic station equipment on the other. New entrants, too, found themselves committed to high initial purchase costs. To obtain finance for such long-term commitments as these, squatters usually had to mortgage both stock and land. There was

also a demand for short-term finance to alleviate the cash flow
difficulties which were endemic to the pastoral industry. The
time-lag between clip and cheque, the unreliability of the
Darling trade and the year-long wait for stock purchased "off
the shears" to begin yielding a return all could produce
liquidity problems, which were covered by short-term advances
on the security of a stock mortgage or wool lien. Initially
short-term lending was dominated by wool consignment agents who
acted as intermediaries between the squatters and the banks,
but during the 1870s the banks themselves became increasingly
active in this area as they attempted to enter directly into
the consignment business. 65

Longer-term funds were provided by a variety of
lenders. Records of transactions in western pastoral runs in
the 1860s and mid-1870s 66 show a general increase in the
mortgaging of western runs. Financial institutions became
somewhat more active in the 1870s. During 1866, for example,
there were only eight transactions involving banks in the
Albert, Darling and Warrego districts, all of them mortgages to
the English, Scottish and Australian Chartered Bank; in 1873

65. General discussions of the financing pattern are provided
by Bailey, op. cit., p. 82; Barnard and Butlin in Barnard,
ed., op. cit., p. 384-5, 392-3; and Butlin I.A.E.D., op.
cit pp. 127ff. On consignment agencies in particular, see
Bailey, loc. cit., p. 21; S.J. Butlin, Australia and New
Zealand Bank, London, 1961. (henceforth cited as S. Butlin,
A.N.Z. Bank) pp. 236, 250ff.; on the banks' interest in
wool consignment see Anon. A Century of Banking, Sydney
66. The New South Wales Treasury files listing run transfers
are unfortunately incomplete; records for 1870-1872
inclusive are missing, and the series terminates in 1876.
transactions had risen to thirty-five, eighteen to and seventeen from banks, and three institutions were involved. The growth of financial institutions' activities was rather more marked and the number of institutions involved greater in the western parts of the Lachlan pastoral district, where non-banking finance companies were also active. 67

The extent of private lending is more difficult to discern. The registers do not distinguish between mortgages and other transactions, and even where leases were held in the name of individuals known to be urban businessmen rather than pastoralists in their own right, the possibility that they were merely absentee owners cannot be discounted. Nevertheless, some financial relationships can be identified with a fair degree of certainty by examining the pattern of run transfers or by comparing official lists of runholders with information from other sources indicating who was working the runs. 68

The pattern of obligations which emerges is a complex one. Mortgages to private lenders appear to have been about as common as bank mortgages, and in both cases mortgages were roughly balanced by discharges. But private finance was not only secured by mortgages. Long-term financial arrangements were often based on registering the holding in the joint names of a financial and a managing partner, and family partnerships were used to give junior members of the large pastoral clans a

68. Based on Treasury files 2/2185-92.
start in the business. Occasionally senior pastoralists would also act as guarantors for loans to younger or less reliable kin.

Private loans were overwhelmingly supplied by men who had close connections with the pastoral industry, often of long standing, though by the 1870s few were practising pastoralists. James Tyson was conspicuous as the only large lender who was first and foremost a squatter. At the other end of the scale Francis Cadell, a river merchant of rather dubious reputation, appears to have held mortgages over several runs. The remainder would best be described as pastoral entrepreneurs. Although most were landowners in their own right, their most striking common characteristic was their close involvement with one or other of the wool merchandising houses. Among their number were Blackwood of Dalgety and Co., Ronald and MacBain of the Australian Mortgage Land and Finance Company, Barr Smith of Elder, Smith and Co and Hastings Cuningham, head of a woolbroking firm. Collectively these men represented a formidable power block within the pastoral industry. Their emergence as lenders during the 1870s was a harbinger of the larger role their companies were to play during the following decades.

Pastoral lending was a lucrative business in the 1870s. As Butlin and Barnard have pointed out, the pastoral industry was not in a position to finance freehold purchases
and new capital formation from its current income after 1871.\footnote{Butlin and Barnard in Barnard, ed., \textit{op. cit.}, pp. 388-9.} High interest rates, peaking at eleven per cent in 1879, \footnote{Butlin, \textit{I.A.E.D.}, \textit{op. cit.}, pp. 100-1.} yielded large returns to institutions with access to British and colonial savings as well as increasing the opportunity for private individuals and unincorporated pastoral firms to skim off the cream of pastoral profits without committing themselves to buying land and stock on a seller's market. A sharp (though mercifully brief) drought, coupled with a slump in wool prices in 1877-8, highlighted the squatters' emerging dilemma\footnote{Ibid., p. 100.}: having committed their own substantial fortunes to their holdings, they were required to court the patronage of financiers for the sake of obtaining a little more cash.

For most of the decade the development of this client relationship was masked by the wool price boom and the concomitant demand for land and stock as the industry expanded. Pastoral land was an eminently marketable commodity; this was illustrated by sales such as that of Mossgiel, the run which had come close to bankrupting the Desaillys, for a reputed profit of £120,000.\footnote{\textit{A.D.B.}, vol. 3., p. 52.} While this remained the case, squatters had few qualms about sinking ever larger amounts of capital into assembling, securing and equipping their holdings. But, though individual pastoralists could make windfall gains from a booming land market while external conditions favoured
the wool industry, the rising cost of pastoral proprietorship was exposing the industry as a whole on two fronts, by increasing its dependence on borrowed funds while committing it to exacting a consistently high rate of return, without the option of retreat, from the drought-prone country of the interior.
CHAPTER 2
The Western Land Boom 1879-1882

As was outlined in the previous chapter, the first thirty years of western pastoral settlement were marked by contrapuntal movements of land speculation, technological adaptation, flock expansion, drought and retreat. The end result of this uneven development had been to concentrate western landholding in the hands of the wealthier pastoral capitalists while at the same time establishing a skeletal technological framework for pastoral utilization of the arid and semi-arid lands. By the time wool prices began to move out of their 1877-8 trough many of the incumbent western lessees were ready to take advantage of any upswing in demand for western holdings; in some cases, especially among the back country lessees, their readiness was reinforced by decidedly mixed profit experiences during the mid and latter 1870s. As a result, when buyers began to emerge, the turnover of holdings was high and the movement to the west quickly assumed the proportions of a fully-fledged boom.

2. No complete run lists could be found for the early 1880s. However, partial listings are given in N.S.W. Government Gazettes for 1881-2 (for details of references see n. 24 below). Comparing these with the lists in Votes and Proceedings, 1875-6, vol. 3, pp. 1034-1047, we find that of the runs (some three hundred in number) in the Warrego and Albert districts for which details are provided, a majority (54%) had undergone some kind of transfer in the seven-year period. Simple transfers by sale appear to have accounted for 35% of holdings; the remainder of those changing hands were involved in intra-partnership changes, mortgages and discharges of mortgage (in that order of frequency). These figures must, however, be treated with some caution because of the incompleteness of the records on which they are based.
Considered reflection on the past experience of outback pastoralism played little part in the upsurge of enthusiasm for western pastoral investment after 1879. The boom was principally the outcome of exogenous factors - the wool price rise, an influx of British capital and the rising cost of entry to the pastoral industry in established districts. Insofar as pastoralism's previous record in the west was taken into account, investors' assessments were coloured by the sanguine expectation that technological innovations, especially the use of artesian water, and the extension of the New South Wales railway network would enhance western pastoral profits in the medium term and pave the way for a repetition of the Riverina experience of capital gains.

The squatters were convinced that the outback's stock-carrying capacity was purely limited by lack of water. The water conservation techniques adopted in the 1860s and 1870s, however, had been only partly successful in raising the productivity of the back country. Tanks often took several years to fill; good catchments were hard to find and silting was common in sandy country; and in poor seasons when feed was scarce the steep-sided excavations served as death-traps for weakened stock. Dams were subject to flood damage and frequently aroused the resentment of neighbours whose access to water was restricted.\(^3\) Though wells could be made more efficient by the use of steam pumps, which were widely installed during the 1870s,\(^4\) they were costly and had a high

\(^3\) Hardy, \textit{op. cit.}, pp. 100-1.
\(^4\) \textit{Ibid.}, p.99.
failure rate. After all these problems, the discovery that an
artesian basin underlay large areas of the north-west was
hailed as a godsend. Bores offered the pastoralists a
secure water supply, even in dry seasons, and the reticulation
of bore water along systems of troughs or open channels provided a wider spread of watering points than had been possible under previous water conservation regimes. Many hoped that irrigated agriculture would also prove possible. Squatters rushed to take advantage of the new discovery; from being in the experimental stage in the late 1870s artesian boring had become widespread by about 1883.

Longer experience was to prove the limitations of artesian boring. Even at the turn of the century there was little successful private boring outside the area north of the Darling from Wanaaring to just west of Brewarrina. The central zone south of the Darling was hardly affected, and there were only a handful of flowing bores in the arid north-west corner.

7. There is some dispute as to the location and date of the first successful artesian bore, with estimates ranging from 1878 to 1880 (Hardy, op. cit., p. 180; cf. Ronald, op. cit., p. 136n.). On boring in the Warrego, see Heathcote, Back of Bourke, op. cit., p. 120.
8. Distribution based on map accompanying R.C.W.D. Report. Of about 110 successful private bores shown within the study area, 33 were in the Wanaaring Sheep District and 69 in Bourke Sheep District or the northern section of Wilcannia Sheep District. Nineteen unsuccessful private attempts were also recorded. These figures are probably underestimates, as notification of private bores was not at that stage compulsory.
Nor did artesian water prove suitable for long-term irrigation, as in many areas the mineral content of the water was high. Drilling was also a costly operation; while Samuel McCaughey might be able to afford to install twenty-one bores on his two north-western stations, the grazier of lesser means had to content himself with tanks and dams. The trial and error process by which the boundaries of the artesian basin were established was thus an expensive one for the squatters who did not strike water. But there was a far more fundamental problem with the diagnosis on which the squatters' vigorous pursuit of secure water supplies was based. Ultimately the carrying capacity of the western region was limited by the supply of fodder, and the watering programmes of the 1880s did little to overcome this limitation. The unbounded optimism vested in artesian boring in the early 1880s therefore proved eventually to be misplaced.

The other local development which aroused investors' interest was the prospect of an improvement in the region's transport system. The unreliability of the Darling trade and the high cost of overland transport had hampered western expansion. Profits were reduced by high freight charges and by

9. R.C.W.D. Summary of Evidence, pp. 82-3.
10. Crowley, op. cit., p. 307 (figures as of 1901).
11. Bailey, op. cit., p. 98. Costs can be estimated from returns presented to the R.C.W.D. by the Superintendent of Public Watering Places and Artesian Boring (Minutes, pp. 726-9) which show that the average cost of a government bore in the region over the period to 1901 was £2,570 (figures for 64 bores, including 8 failures).
delays in realizing the clip, living conditions were made harsher by shortages of food, and the supply of labour and materials was disrupted. Until the early 1880s all these problems had been exacerbated by the New South Wales government's reluctance to provide money to develop the infrastructure for a trade which was primarily directed towards Victoria and South Australia. Government expenditure on transport facilities in the area was minimal; some wayside watering points were installed from the late 1860s but little was done to upgrade the rough tracks which served as roads, to provide bridges or to make the Darling less hazardous for navigation.

By the late 1870s, however, it was clear that the New South Wales government intended to make a bid to draw the

13. A Sydney Morning Herald correspondent (7 September 1866) reported that during a food shortage on the Warrego the population was subsisting on "beef and pig weed, more politely termed 'Warrego Cabbage'." In Walgett there were food shortages as late as 1882 (J. Jervis, "The Exploration and Settlement of the North-Western Plains", in Journal of the Royal Australian Historical Society, 48, 5, 1962 (henceforward cited as "North-Western Plains"). p. 443), while on the goldfields of the Corner country and at the Cober copper mines, both food and water were scarce on numerous occasions (Jervis, "West Darling", op. cit., pp. 224, 226; Sydney Morning Herald, 4 November 1873).

14. On watering points, see Jervis, "West Darling", ibid., p.170. Expenditure on western roads in the 1870s was mainly concentrated in the Riverina and on the Walgett-Narrabri road. In the late 1870s expenditure on western roads fell to less than 1% of total estimates for subordinate roads administered directly by the Works Department (N.S.W.V.P. 1878-9, vol. 5, p. 970). Some public punts and bridges were provided in the 1870s, but they were seldom adequate and tolls were high (see e.g. comment in Town and Country Journal, 21 October 1876). No attempt was made to lock the rivers, and a large part of the work of snagging the Darling was funded by Victoria and South Australia (R. Phillips, River Boat Days, Melbourne, 1972. p. 64); see also I. Mudie, Riverboats Sketchbook, Adelaide, 1975. p. 42).
region's trade away from the southern colonies. Railway lines were built to Hay in 1882 and Bourke in 1885; well before they reached their destinations the new lines were drawing trade from the north and central west and from the Murrumbidgee and Lachlan runs. Moreover, closely accompanying the extension of the railways there was a considerable increase in government expenditure on roads, bridges and watering facilities in areas likely to be tapped by the new lines.

This threat to the commercial hegemony of Victoria in the Riverina and of South Australia on the Darling sparked off an intercolonial price-cutting war. All three colonies offered reduced charges or freight rebates on their railways, and the concessions were adjusted so as to provide the maximum benefit to the more remote pastoral stations which were not firmly tied to any particular colony's trading network. The rebate system did not work to the advantage of the merchants of the western towns, who found that they could be undersold by merchants from the colonial capitals selling directly to areas in which higher concession rates applied. The major beneficiaries of the competition between the colonies were the back country pastoralists and the mining companies, who were linked to the

16. Expenditure on roads in the Riverina grew rapidly from 1881 and on north-western roads from 1885. The amounts involved were still relatively small, and the peak of expenditure on western roads was only 6.4% of total estimates for subordinate roads (N.S.W.V.P. 1887, vol. 4, pp. 1040ff). On bridges, see Jervis, "West Darling", _op. cit._, p. 218; watering points see Hardy, _op. cit._, p. 181.
MAP 3: Western New South Wales Transport Network to 1900

Key:

Railways

Navigable Waterways

Major Roads

Hay 1882 Dates of Railway Extension

colonial capitals by a more efficient and reliable service at reduced cost. By the early 1890s New South Wales had succeeded, albeit at considerable cost, in making inroads into the other colonies' trading spheres on the Darling above Wilcannia, in the eastern Riverina and in the central Lachlan-Darling stretch which included the copper mines of Cobar, Nymagee and Mount Hope. Victoria retained a large share of the western Riverina trade by dint of introducing freight rebates of between forty-three and sixty-six per cent. South Australia's control over trade in the far west was consolidated by the construction of a private railway to the burgeoning mining centre of Broken Hill in 1888. South Australian-based camel teams also serviced the country north of the Darling, and the riverboat trade to Goolwa handled goods as far up as Wilcannia or sometimes, when the river was high, to Bourke and Brewarrina.

Nevertheless the back country squatters did not benefit as much from intercolonial trading competition as they might have hoped. Agitation for branch lines to the central Darling, lower Lachlan and Walgett-Brewarrina areas bore no fruit until the twentieth century, and little was done to

18. The savings were particularly marked in the north-west, where long hauls and frequent disruptions had raised transport and insurance costs. The cost per bale for Bourke wool was reduced from 25/- to 15/- by the railway (Jeans, ibid., p. 199).
improve roads which did not contribute to the railways' share of trade. With back country holdings still dependent on the bullock teams, transport costs remained a large item in stations' working expenses. In 1890-1891 transport costs on seven stations spread across the region\textsuperscript{22} averaged eighteen per cent of total working expenses and fourteen per cent of wool proceeds, and many growers were still paying considerably more to get their clips to the colonial ports than to ship them thence to England. Furthermore, railway extension made small-scale mixed farming seem a viable proposition in parts of the region's eastern fringe, necessitating protective freehold purchases of strategic points on many western Riverina and Bogan holdings.\textsuperscript{23}

But in the region as a whole, freehold purchase was a far less pressing requirement than in the better-watered districts. In the enthusiasm of the late 1870s and early 1880s freehold costs and speculation had sent Riverina land prices soaring. This was bound to enhance the attractiveness of investment in leasehold estates in the interior, and especially in western New South Wales, where the infrastructure for further pastoral expansion was far better developed than in

\textsuperscript{22} Stations involved were Springfield, Tiltagara, Piangobla and Tindarey (Australian Estates Co. papers, 5 series) and Paddington, Cuthowarra and Langawirra (Australian Mercantile Land and Finance Company papers, 6 series). However, these are underestimates as on the A.M.L.F. stations several items of transport-related expenditure were entered under another head.

\textsuperscript{23} Buxton, \textit{op. cit.}, pp. 189, 256; Lyne, \textit{op. cit.}, p. 251; Robinson, \textit{op. cit.}, pp. 128, 193-5.
western Queensland. No matter how untried the pastoral potential of the Darling back blocks, their emergence as a major channel for pastoral investment was guaranteed by the operation of the land market in the more favoured districts of the eastern colonies and South Australia.

Capital accumulated from a variety of sources, both colonial and British, flowed into the region in the early 1880s. Among colonial investors, the pastoral entrepreneurs and the squating families were joined by urban merchants and bankers. Sydney businessmen were active in the north and South Australians in the west Darling, but the bulk of the local capital invested in the area continued to come from Victorian-based interests. Though some private financiers engaged in mortgage lending, the characteristic vehicle for private financing remained the partnership or syndicate. Doubtless, too, there were cases where absentees began to channel development capital into holdings which they had previously held principally for speculative purposes. Among the private financiers who were active in the early 1880s the pastoral entrepreneurs remained prominent, and to their ranks were added E.M. Young, the general manager of the Australian Mortgage Land and Finance Company (A.M.L.F) and George Turner, a Melbourne financier who by the middle of the decade was closely associated

with the Union Mortgage and Agency Company (U.M.A.).

There was also an upswing in institutional lending, and a considerable increase in the number of finance houses actively pursuing western business. During the 1870s there had already been some merging of the functions of the banks and specialist wool consignment agencies. Several banks had eschewed relying on the consignment agencies as intermediaries and had gone into direct lending and consignment themselves while the specialist agencies, notably the British-based A.M.L.F. and New Zealand Loan and Mercantile Agency Company (N.Z.M.L.A.), had taken on the provision of long term mortgage finance.  

By 1879 199 western leases (13.3% of the total) were registered in banks' names and sixty-two (3.6%) in the names of other companies.

The fact that the British companies had access to British funds at interest rates which were low by colonial standards constituted a threat to the market share of the local wool consignment houses, and in the late 1870s and early 1880s many of these agencies began to seek finance in Britain to close the gap. British investors, though on the whole enthusiastic about pastoral investment in the colonies, were reluctant to entrust their funds to purely Australian-based companies, and to facilitate borrowing a number of companies

27. N.G. Butlin, 'Company Ownership of New South Wales Pastoral Stations, 1865-1900', in Historical Studies, 4, 14, May 1950 (henceforward cited as 'Company Ownership'), p. 96. Figures are for Western Division only.
found it necessary to gain incorporation in Britain. 28

Usually this entailed vesting overriding powers in a British board of directors, but most of the companies had little difficulty in gaining the co-operation of congenial British merchants and erstwhile colonial luminaries who were ready to view a place on the British board in the proper light, as a ceremonial rather than a managerial function. 29 Having thus allayed British lenders' fears, the companies were able to use short-term debenture borrowings to raise large sums on the London market. 30

From being chronically short of funds the pastoral industry thus found itself suddenly inundated with loan capital. At the same time wool earnings were also rising as production levels recovered from the 1877 drought and prices moved out of the trough of the mid-1870s. Between 1877 and 1880 the volume of the New South Wales wool clip increased by 48.5% and its estimated value by 52.6%, realizing £8.1 million

28. Butlin, I.A.E.D., op. cit., pp. 142, 160-2; Bailey, op. cit, p. 55; N. Cain, "Capital Structure and Financial Disequilibrium: Pastoral Companies in Australia 1880-1893", in Australian Economic Papers, June 1963 (henceforward cited as "Capital Structure"). pp. 2-3. As well as the Australian Mortgage Land & Finance Co., New Zealand Loan & Mercantile Agency and Trust & Agency Co., all of which had been previously incorporated, the following companies gained incorporation after the mid-1870s: Australasian Agency & Banking Corporation (1876-7); Mort & Co. (1880); British & Australasian Trust & Agency Co. (1878); South Australian Land Mortgage & Agency Co. (1879); Queensland Investment Land Mortgage & Agency Co. (1879); Australasian Mortgage & Agency Co. (1879); Dalgety & Co. (1884); and Union Mortgage & Agency Co. (1885).

in 1880. Much of the benefit of the increase accrued to squatters in the established districts, who were able to pay off the debts they had incurred during the slump. In 1880 £3.8 million worth of stock mortgages were discharged and only £2.8 million taken up, while in the following year discharges of land mortgages almost trebled to reach £1.9 million.

The increase in capital imports coupled with the falling demand for borrowed funds in established areas produced an explosive market for pastoral finance. Pastoral lenders increasingly concentrated the inflow of capital on the newer squatting districts. In the 1870s several institutions had drifted into western involvement as their trusted clients took up Darling runs, but in the early 1880s investment in the region became systematic. Bank branches multiplied in the western towns and the pastoral finance companies simultaneously extended their operations, sometimes by establishing branch offices but more often by entering into agreements with, or taking over stock and station agents who had already acquired a local clientele.

Such was the surfeit of pastoral loan capital that

31. T. Hall, Official Yearbook of NSW 1904-5, Sydney, 1906. pp. 264-5. For comments on the estimates see Table 1. below.
34. The extension of bank branches can be traced through advertisements in the A.I.B.R. On takeovers of stock and station agencies see Butlin, I.A.E.D., op. cit., p. 142.
the pastoral finance companies and the banks competed to finance land and stock purchases at attractive rates without assessing in any detail the likely performance of the enterprises they were funding. Thanks to British investors' predilection for pastoral investment and to the cheapness of British debenture funds, the specialist companies were able to lend on a larger scale and more cheaply than the banks. As interest rates were bid down the banks were forced to re-examine their position; by about 1883 several had resigned themselves to leaving the large squatting accounts to the finance companies and instead seeking outlets for their capital in urban development and among the smaller graziers and farmers. This established a lending pattern which was to last for the rest of the decade. Imported capital was heavily concentrated at the geographical margin of the industry, where it was lent in large sums to large clients; and the disposition of British funds was controlled by the local representatives of the pastoral finance companies, prominent among whom were the entrepreneurs who had become privately involved in the outback during the 1860s and 1870s.

The surge of outback pastoral investment which resulted had lasting ramifications for the fortunes of the industry. The most remarkable feature of the land boom was the extent to which the cost of entry to the industry escalated.

35. See below pp. 108ff.
The effects of pre-emptive claims were magnified by rising stock prices as the pace of pastoral investment outstripped flock reproduction rates. Runs which a few years earlier would have been sold for twelve shillings per head of sheep changed hands freely at prices ranging from twenty shillings per head to an occasional thirty shillings on well-equipped runs with convenient transport access. The initial investment required was further increased by the fact that runs were sold as consolidated holdings commonly ranging from about a hundred thousand acres in the eastern part of the region to a quarter or half million acres in the far west.

The inflation of entry costs placed pastoral investment far beyond the reach of the self-made man; a station manager's lifetime earnings would pay for at most a part-share in a ten-mile block, and among the local commercial and manufacturing classes there were few individuals who could ever hope to amass the funds to purchase one of the consolidated holdings. The gap was bridged by the redeployment of capital within the industry and, increasingly, by imported funds. The widespread use of syndicates was a symptom of the increasing exclusiveness of the large landholder class. There were also instances of incumbent lessees' selling holdings to newcomers and providing them with loans to cover the balance of the

39. On a generous estimate a station manager might average £200 per annum over a forty-year working life: a stocked ten-mile block would seldom be sold for less than £15,000.
purchase price. And the finance companies were prepared to lend for land purchase and equipment, even in virgin country; for example, in 1881-2 Richard Goldsbrough and Co. advanced funds on three unformed stations and "in view of the difficulty in procuring suitable investments of their surplus funds", agreed to provide all but £20,000 of the £186,000 purchase price for Eremeran station near Cobar.

As managing partner or mortgagor, the newly-arrived western lessee was by no means his own man. He received only a part of the station proceeds, and the chances of his being able to take sole control in the longer term grew slimmer as his initial financial dependence increased. Meanwhile by 1882 many of the western lessees of the previous decade had withdrawn from the area completely, some to lead a gentleman's existence on the proceeds of their speculations and others to attempt to repeat the performance in western Queensland and beyond. A further step in the concentration of pastoral capital was thus complete.

The problem of rising costs was exacerbated by the fact that the western infrastructure was incapable of supplying the large quantities of labour and materials required to support a pastoral construction boom. For labourers the west was a place of last resort. The harsh climate, the long

40. See e.g. Randell, op. cit., pp. 162, 166; R.C.W.D. Minutes, evidence of H. Freeman, p. 334.
42. See e.g. Casey, op. cit., p. 67; also A.D.B. vol. 3, pp. 237-9 (W. Brodribb); R.C.W.D. Minutes, evidence of A. Crombie, pp. 547-8.
distances men had to travel to find work and the primitive living conditions on the western stations held no attraction even for migratory workers, let alone for permanent settlement. Pastoral labour demand had rapidly outstripped the supply of Aboriginal labour, and outback squatters had found it necessary to offer high wages to recruit white workers from outside the region. The substitution of set-stocking for shepherding reduced direct labour requirements in the medium term and introduced a more flexible system of labour usage based on specialized, short-term contract labour; but while fencing and watering facilities were being installed on a wide scale, labour often became critically short.44

The shortage in the early 1880s was severe. The sudden increase in labour demand created by heavy construction investment and rapid flock increases coincided with gold rushes to Tenora and the arid north-west corner, and squatters were forced to pay large bonuses to secure their labour supply.45 The transport system, too, was grossly overstrained. Supplies and construction materials were at best scarce and expensive and sometimes completely unobtainable. The boom degenerated

43. For a general discussion see Butlin, I.A.E.D., op. cit., pp. 81ff. Also Hardy, op. cit., pp. 98-9, 106.
44. In 1876 unskilled labourers were reported to be earning between nine and ten shillings per diem in Bourke (unidentified newspaper cutting, quoted in Bourke and District Historical Society, History of Bourke, vol. 5, Bourke, 1975. p. 54).
into a chaotic rush; then, abruptly, it ceased. By early 1883 much of the region was in the throes of drought, wool prices had fallen markedly and colonial lending had entered a hiatus. The heady optimism of the boom years faded, never to be restored. But, ephemeral though the boom proved to be, it had ensnared a large number of pastoral investors in a complex of obligations from which they would not be able to extricate themselves.

CHAPTER 3

Defensive Development 1883-1891

The western pastoral industry faced a distinctly discouraging prospect as it emerged from the droughty seasons of 1883-5. In their haste to maximize returns during the boom period, western landholders had raised stock numbers before they had time to install secure water supplies. When drought struck they could only stand by and watch their flocks die. For squatters who had purchased sheep in large numbers at boom prices, this was a crushing blow. Those who had borrowed heavily fell further into debt as the drought slashed their wool output and unpaid interest accumulated.\(^1\) They could not sell their holdings without extensive losses; the land market had stagnated and values dropped as the drought discouraged buyers and financial institutions grew more wary of funding outback station purchases from a diminishing supply of new funds.\(^2\) But, to carry on, the western squatters were required to make heavy outlays, not only to cover the immediate need to restock but also to counter the effects of several developments which were placing western pastoral profits under mounting pressure in the longer term.

The squatters' belief that western holdings were immune to closer settlement was crushed by the Land Act of

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1. Bailey, *op. cit.*, pp. 97-8; Cain, "Pastoral Expansion", *op. cit.*, p. 188.
1884. The new legislation constituted a decisive move to check the aggregation of vast leasehold properties in the west and the rapid alienation of the public estate elsewhere. The nexus between smallholding and agriculture was broken, and greater emphasis was placed on assuring the Crown of a steady rental income to compensate for declining revenue from land sales. Some concessions were made to the squatters' sensibilities. Closer settlement was no longer to be a free-for-all; instead, specific areas were set aside for subdivision, and the squatters were given extended tenure over the remainder of their holdings. But to the western lessees this was cold comfort indeed.

The Act attempted to fit the system of land tenure to the peculiar requirements of the diverse physical environments to be found in various parts of the colony. For the purposes of the Act's administration, the colony was divided into three territorial divisions. The boundary between the Eastern and Central Divisions roughly followed the limit of agricultural experience to 1884, while the Central/Western Division boundary ran close to the border between woodlands and saltbush plain.


5. Jeans, op. cit. p. 286. The division boundaries are shown at Map 1 p. 26 above.
In all divisions, pastoral leases brought under the Act were to be divided into two equal parts. The first of these would constitute the pastoral lease proper, and would continue to be held by the incumbent tenant; on this portion of the run the five-year leases current under the 1861 Act were replaced by ten-year leases in the Central Division and fifteen-year leases in the Western Division. The remainder of the run, to be known as the "resumed area", was open for closer settlement, though pending closer settlement the pastoral lessee was allowed to continue holding it under an annual occupation licence.

It was in its provisions for the tenure of smallholdings that the new Act departed most radically from its predecessors. A sharp distinction was drawn between the Central and Western Divisions. In the Central Division, closer settlement was still to be based on conditional purchase arrangements, though the maximum area available to an individual selector was increased to 2,560 acres plus conditional lease up to three times that area. In the Western Division, where the large areas required for pastoral production made the comparatively high cost of conditional purchase uneconomic, a new category of tenure known as the homestead lease was set up to cater for the smallholder. The area of a homestead lease was fixed at between 5,760 and 10,240 acres and the term of the lease at fifteen years. Additional conditions were imposed to prevent homestead leases being taken up for purely speculative purposes. Homestead lessees were required to compensate the pastoralists for any improvements on the holdings, to fence the boundary within two years and to
reside on the holding for at least six months of the year
during the first five years of the lease. Multiple ownership
of homestead leases was also prohibited. Nevertheless, the
increased area and the reduced overhead cost made homestead
leases a far more attractive proposition for intending western
smallholders than selection had been under the earlier
legislation.

The extent of demand for smallholdings can be gauged
from the speed with which homestead leases were taken up.
Though the move to take up western homestead leases was by no
means as vigorous as the demand for Central Division
selections, and large areas of the drier and more remote lands
remained under occupation licence, there was a rush of
applications for homestead leases in the vicinity of towns, on
such river frontages as were made available and along the
eastern margin of the area. In 1886, there were 233 homestead
leases, their total area being just over two and a quarter
million acres; by 1893 the number had risen to 1130 and the
area to over nine and a half million acres.6 Selectors in
adjacent parts of the Central Division also took advantage of
the opportunity to enlarge their holdings. The squatters in
the better-favoured areas of the west were thus hardest hit by
the Act's closer settlement provisions. Even though they were
permitted to nominate which parts of their holdings should be

resumed, and were usually able to keep the best portions, the squatters keenly felt the effects of losing newly-constructed improvements and having their grazing area cut in half.

The Act went to some lengths to give its rent provisions the trappings of impartiality. Rents were to be based on the holding's carrying capacity as assessed by a local Land Board made up of disinterested experts. It was also stipulated that rents were to rise automatically at five-year intervals by one quarter of the original amount. But the Land Boards' decisions could be overruled by ministerial directive, and in practice the government's desire to augment its rental income took precedence over concern for the squatters' welfare. Nor were the squatters entirely satisfied with the calibre of the Land Board appraisers; one squatter commented that the appraisers did not know the difference between saltbush and paddy-melon, and others alleged that the Land Board officials customarily waited until rain had fallen before assessing the holdings' carrying capacities. In any event, the Act's implementation raised the Crown's annual rental income.

7. Both Butlin (I.A.E.D., op. cit., p. 91) and Heathcote (Back of Bourke, op. cit, pp. 142-3) found marked differences between the values of improvements on resumed and leasehold areas. Heathcote also noted that in 1888 60% of the holdings brought up for subdivision showed a higher carrying capacity on the leasehold than on the resumed area.
10. The first comment was made by E. Quin (R.C.W.D. Minutes, p. 245); other comments are given at R.C.W.D. Summary of Evidence, pp. 59-65.
income from £438,000 to £1,158,000 at one blow, and the announcement of the new rents produced a flurry of political activity in the west as squatters hastily formed Pastoral Protection Associations to lobby for reductions. Against this the Act's provision of extended tenure on the pastoral lease counted for little. If the new closer settlement provisions proved successful, or if it was judged that they could be made successful by extending the area available to smallholders, the squatters risked losing more land when their new leases expired. Furthermore, the Act gave neither pastoral lessees nor homestead lessees tenant-right in improvements; at the expiration of either lease, all improvements were simply to revert to the Crown. Many squatters would gladly have substituted a five-year lease with a high probability of renewal for a fifteen-year term at the end of which they could be completely expropriated. But the option was not open to them; though participation in the new tenure system was technically voluntary, not to participate was to risk having one's holding thrown open to closer settlement when the current five-year lease expired. Few squatters were prepared to take this chance, and the western pastoral holdings were soon brought under the new Act.

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In attempting to reconcile the 1884 Act's passage with the spate of pastoral capital formation which followed, Butlin downplays the Act's negative effects on the squatters and attributes the pastoral investment of the latter 1880s principally to the formation of new enterprises on the Central Division resumed areas. One may doubt whether the establishment of seventy-two new small-scale enterprises over a four-year period in the central districts can explain the rise of pastoral investment there in the 1880s; but whatever was the position elsewhere, Butlin's assessment does not square with the Western Division experience. Certainly, as Butlin has noted, the pastoralists' later claims that the Act had halted investment were exaggerated; very few squatters stopped improving their runs, and those who did so were probably influenced as much by extraneous considerations as by a belief that the Act had made further investment uneconomic. However, Butlin has misconstrued the causal relationship between the Act's effects on the squatting interest and the upsurge in pastoral investment. Though the formation of homestead leases did stimulate small-scale capital investment on the resumed areas, much of the pastoral capital formation which occurred in the region in 1885-91 was undertaken by the

15. Ibid., p. 92n.
16. The Paddington case, cited by Butlin, where it was claimed that improvements were halted after the Act was passed, was probably influenced by severe rabbit infestation as much as by the new tenure conditions (ibid., p. 91; cf. E. Rolls, They All Ran Wild: the story of pests on the land in Australia, Sydney 1969. pp. 48-50).
pastoral lessees, and was partly a product of the Act's negative effects on pastoral profitability. As they had so often done before, the squatters attempted to spend their way out of trouble, hoping that further capital investment would permit them to exact a maximum return from the diminished area remaining to them and eventually enable them to recoup their outlays by selling their properties. The capital formation which occurred in the region in 1885-91 period was a symptom of the industry's growing difficulties rather than of any excess of optimism on the squatters' part. If the 1884 Act was an expansionary measure in the west, it was so only in the most indirect fashion; it is not usual for legislation which expropriates landholders and reduces their share of their holdings' proceeds to be viewed as stimulating its victims to further investment. The key to this paradoxical reaction lay in the continuing surfeit of British funds and the financial institutions' willingness to continue lending to established clients for defensive development. Though this was perhaps somewhat encouraged by the extension of the western leases, the security they provided remained flimsy; the primary motivation for the continuation of easy credit lay elsewhere.  

The passage of the 1884 Act was not the only development which spurred the squatters to a defensive maximization of output. International wool prices were also undergoing some decline. A number of wool price series are

17. See Chapter 4 below.
shown in the graph on the following page. The various series betray broadly similar patterns of gradually declining prices over the period to 1894, broken by shorter-lived fluctuations producing minor peaks in 1880 and 1889. These price movements had a marked influence on the experience of pastoralism in the period of rapid flock expansion after the breaking of the drought in the mid-1880s. The existence of short-term fluctuations obscured the gradual decline to a considerable extent; though hopes were fading rapidly by the early 1890s, pastoral commentators in the 1880s hailed each upward price movement, no matter how slight, as a harbinger of imminent recovery.\textsuperscript{18} However, the underlying decline was eroding returns per unit of wool produced. The \textit{Australasian Insurance and Banking Record} noted in 1891 that in the preceding seven years the volume of Australian wool production had risen by forty per cent, but its value had increased by only fourteen per cent.\textsuperscript{19} Over a longer term, Heathcote found that a thirteen-fold increase in Warrego sheep numbers between the 1860s and the 1890s had produced roughly a ninefold increase in gross income, indicating a decline of about thirty per cent in the gross return per head.\textsuperscript{20} Though growers may have been insulated from some of the effects of this decline by reductions in marketing costs, principally those arising from the relocation of wool markets in the colonies themselves.

\textsuperscript{19} A.I.B.R., March 1891, p. 163.
\textsuperscript{20} Back of Bourke, op. cit., p. 155.
GRAPH 1: London Prices of Selected Types of Australian Wool, 1875-1898

Key:

--- Victorian average merino fleece, annual average price

--- N.S.W. average export valuations, scoured and washed

--- Victorian average good merino greasy, annual average price

----- N.S.W. average export valuations, greasy

------ Adelaide average greasy, annual average price

Source: Barnard, op. cit., p. 230. New South Wales prices are based on an average of prices at which exporters valued their wool at the customs houses; Barnard's comment (p. 164) is that these prices 'represent the hopes, or at best the formal expectations of the growers... rather than actual realisations'. The figures frequently show discrepancies with realised prices, although their accuracy improved during the 1880s, mainly because a larger proportion of the wool had already been sold in the colonial markets. The Victorian and Adelaide figures are based on compilations from trade records produced by A. Sauerbeck (to 1877) and Helmuth Schwartz and Co. (from 1878). On the problems of using trade records generally, see E. Beever, "The Australian Wool Clip 1861-1900" in Economic Record, 39, 88, 1963. pp. 437-55 passim.
rather than in London, rather than in London, the magnitude of the price decline far exceeded that of the saving from this source.

Average wool prices, however, cannot provide an accurate guide to movements in western wool returns. The range of variation between prices paid for wools of different qualities was wide, with prices for top quality wool sometimes being three times those of inferior wool. Several considerations suggest that the decline in western wool returns may have been greater than that indicated by the average price series. The strong-woolled merinos which predominated in the semi-arid areas had never commanded top prices, but the standard of the western wool clip probably deteriorated overall during the latter stages of flock expansion, partly because of dusty fleeces and tenderness in the fibre produced by severe overstocking, and partly because of pastoralists' reluctance to get rid of their older sheep and breeding ewes. Furthermore, during the wool price trough of the early 1890s and to a lesser extent before that time, wool at the lower end of the quality range underwent a proportionally greater price decline and responded more slowly to upswings in demand than

22. It should also be noted that several mortgagee institutions, notably the A.M.L.F., which was the largest single holder of Western Division leases, eschewed the local market completely; their clients therefore did not get the benefit of local sales.
did high-quality wool. And finally, the grower's profit margin was narrowed in the long term by declining production per head consequent on pasture deterioration.

As wool prices fell, calculations of actual and putative profits arising from the natural increase of livestock came to play an increasingly important role in assuaging pastoralists' and their creditors' doubts about the economic viability of their enterprises. Sheep from runs close to the railways or in the vicinity of towns were sold for meat, but the largest source of revenue from the sale of western sheep in the latter 1880s was in the market for store stock to sustain the rapidly-expanding wool-growing industry in Queensland and within the west itself. The market for stores fluctuated wildly with changing climatic conditions; the high prices realised during the 1880s were also to a great extent dependent on the continuing expansion of pastoralism in the semi-arid lands. But this evanescent and often purely theoretical source of income provided an increasing number of western pastoralists with their only means of bridging the gap between diminishing wool returns and heavy fixed commitments to the Crown and their creditors.

25. See e.g. Australasian Pastoralists' Review (henceforward cited as A.P.R.), December 1891, p. 398; the same pattern can be seen in the contrast between Melbourne and Adelaide greasy prices in Graph 1; Victorian prices dropped by 40.8% from 1880 to 1894 while South Australian prices, starting at a lower level, fell by 49.5%.


27. Ibid., pp. 118-9, 169.
Station equipment programmes interrupted by the drought of 1883-5 were not resumed until the uncertainty surrounding the implementation of the 1884 Land Act had abated.28 But from 1886 western squatters began to engage in heavy expenditure on station facilities with the aim of intensifying production to offset the cost-price squeeze while safeguarding their holdings against climatic fluctuations and the depredations of other species which competed with sheep for pastures. The techniques adopted by the squatters amounted to an injunction that the mountain should come to Mohammed. Their approach was unashamedly interventionist, their cosmology profoundly anthropocentric. They recognized few necessary limitations to man's ability to impose his will on nature, given only the technology, capital and labour required for the task. When the western environment proved recalcitrant, the squatters responded reflexively by redoubling their efforts to tailor their runs to the requirements of their balance sheets.

The interventionist faith had two main tenets: that stock improved soil fertility and promoted vegetation growth, and that with control over the water supply in the west it would be possible to make the semi-arid areas bloom. The latter belief in its most extreme form extended into the assertion that climate was susceptible to manipulation by man. This found expression in the 'rain follows the plough' hypothesis, which was tested in the marginal wheatlands of

South Australia and found severely wanting, and in periodic pressures on government to attempt to change the climate of the dry Centre by artificially flooding Lake Eyre and other inland basins. This belief system was by no means unchallenged; there is a large body of literary evidence indicating the existence of a more pessimistic school of thought which held the Australian interior to be an incorrigible desert. But, understandably, few sceptics were prepared to put their theories to a practical test, and the settlement of the west was left to those of a more optimistic persuasion.

Armed with these dogmas, the settlers showed little restraint in their attempts to transform the western environment. Deforestation was practised on a wide scale, and the government did little to control the destruction of native timber. In the woodlands along the eastern edge of the region and the low woodland belt in the central west, ringbarking was widely used to promote the growth of grass; it was even suggested in the early 1890s that further ringbarking would solve the problem of pasture deterioration more effectively than would destocking. Cypress pine, which

29. See D.W. Meinig, On the Margins of the Good Earth, Adelaide, 1976; T.M. Perry, "Climate and Settlement" in Andrews, ed., op. cit., p. 150. As late as 1938, Shann could still betray a similar idealism when he related how "as the sheep ate out the saltbush, ... grasses both native and new took its place in a soil lightly tilled and compacted by their busy feet" (E. Shann, An Economic History of Australia, Cambridge, 1938. p. 200).
32. Letter to the editor, A.P.R., January 1892, p. 241.
grew along the ridges in the back country, and Murray River red gum from the river frontages were cut out to supply the construction industry, and proved to be a lucrative if short-lived source of additional income for many settlers. Wood was also the region's major fuel, and firewood was used in large quantities in the towns and mines; it was estimated that by 1887 the Cobar smelter alone had consumed 850,000 tons of wood, and huge areas were denuded of timber to supply Broken Hill. Furthermore, edible trees were used as fodder during dry seasons, and in some areas species such as kurrajong and myall were virtually eliminated by indiscriminate cutting and lopping. Replacement growth was inhibited by stock eating or trampling young seedlings. Nor did the squatters confine their attentions to the vegetation. Native fauna which were suspected of preying on stock, damaging fences or eating too much grass were shot or, more commonly, poisoned.

Substantial risks were attendant on such ruthless modification of the plains' ecosystem. In the environment of the western rangelands, where feed availability fluctuated markedly with variations in temperature and rainfall, frequent adjustment of stocking rates was necessary to avoid long-term pasture deterioration. In particular, the edible perennial shrubs and grasses which provided a natural drought reserve...

were often slow-growing, and their regeneration after excessive grazing was dependent on the presence of a complex of conditions which might only rarely coincide.\textsuperscript{37} Even apart from the dangers of soil erosion and increased drought losses attendant on routine grazing of the perennials, the health of the stock generally suffered in the short term, as many perennials were relatively indigestible, low in nutrients and deficient in essential minerals.\textsuperscript{38} Annual grasses and herbs of the rangelands were also susceptible to the effects of overstocking. Populations of edible annuals were quickly reduced by selective grazing, and their germination was inhibited by the trampling of the soil; they were replaced by poisonous or unpalatable species and by plants with spiny fruits which were widely disseminated in the sheep's fleeces.\textsuperscript{39} The dangers of pasture deterioration and erosion were exacerbated when stock pressures remained heavy in dry seasons. With the reduction in ground cover, wind and water erosion increased dramatically, until ultimately topsoil was removed to leave bare clay scalds and form shifting dunes in the sandy country.\textsuperscript{40}

\textsuperscript{37} Moore, ed., \textit{op. cit.}, pp. 241, 255ff; Slatyer and Perry, ed., \textit{op. cit.}, p. 86.
\textsuperscript{38} Slatyer and Perry, ed., \textit{ibid.}, pp. 86-7.
But the ultimate limitations imposed on pastoral expansion by the availability of fodder received little attention in the 1880s in spite of the fact that pasture deterioration had been evident for more than a decade, especially along the Darling frontages. For the most part it was felt that the pastures would look after themselves; when the native species were eaten out they would be replaced by exotics, which many believed provided superior grazing. Insofar as the squatters bothered about pasture maintenance at all, they were mainly concerned to avoid localized denudation, which made the wool dusty and reduced its value.

The abandonment of shepherding and the scattering of numerous watering points across the holdings reduced the problem of heavy concentrations of grazing near water and around the folds; but only a handful of innovative pastoralists attempted to tackle the broader problem of regulating grazing pressure by closer subdivision and strict control over stock numbers. On most runs the stock were put in huge paddocks and simply left to breed, their population being controlled only by natural deaths and occasional sales. Moreover, after the implementation of the 1884 Land Act, pastoralists in many areas attempted to keep stock numbers constant in spite of the reduction in the size of their holdings. With high flock

41. See e.g. Hardy, op. cit., p. 182; R.C.W.D. Minutes, p. 466, evidence of A. Wilson.
42. Crowley, op. cit., p. 300; R.C.W.D. Summary of Evidence, pp. 117, 121-2.
reproduction rates during the good seasons which followed, the sheep population of the Western Division rose by nearly half between 1885 and 1891, reaching a level which could not be sustained under existing pastoral technology without widespread damage to pasture quality. 44

Heavy stocking increased station returns in several ways. The more herbage consumed by the sheep, the greater was the total wool output. Furthermore, provided that overstocking was not so severe as to give rise to periods of near-starvation, which weakened the wool fibre and detracted from its market value, the return per unit of wool produced could also be increased by heavy stocking. Sheep from runs with close-cropped pastures had little vegetable matter in their wool and it was widely believed that undernourished sheep produced finer, and therefore more valuable, fleeces. 45 Bushfire risk was also reduced, and high flock reproduction rates maximized the advantage the squatters could derive from stock sales, keeping their holdings' valuations roughly on a par with their mounting debts. 46

The purposes of the investment programmes of the latter 1880s were threefold. The fencing operations

44. See Graph 2 accompanying; detailed stock figures are given in N. Butlin, "Distribution of the Sheep Population", in Barnard, ed., op. cit., pp. 300-1.
46. See below pp. 121-2.
GRAPH 2: Western Division Sheep Population by sub-Region, 1880-1904

Key:

--- Total Western Division
----- West of Darling
----- East of Darling

interrupted by the breakdown of transportation during the 1883-5 drought were resumed, though the squatters' efforts were now concentrated on the pastoral leaseholds proper, to the exclusion of the resumed areas. Extensive boring and tank-sinking programmes were undertaken to bring the back country into full production, maintain high stock densities and prevent a repetition of the drought losses which had crippled newly-arrived squatters in 1883-5. And the settlers became increasingly embroiled in a massive rearguard action to counteract the undesirable side-effects of the previous decade's wholesale intervention on the plains ecosystem.

The squatters' attempts to transform the plains into an ideal environment for sheep had removed any natural checks on the increase of other grazing fauna. Populations of several native species, including the various types of kangaroo, had grown rapidly with the provision of watering points and the elimination of indigenous predators, notably the dingo. Kangaroos were seen as providing grazing competition and the damage they did to fences was much resented. But these problems paled into insignificance beside the havoc wrought during the 1880s by the spread of the European rabbit.

The introduction of the rabbit to Australia was only achieved by dint of many decades' persistent effort. The settlers' early attempts to breed rabbits were foiled by the large number of predators found in the colonies. However by

the late 1850s the unstinting use of poison had made large
inroads into the populations of dingoes, predatory birds, wild
cats and goannas in the settled districts, and rabbits began to
flourish.\textsuperscript{48} They multiplied rapidly in Victoria during the
1860s, and in the 1870s were introduced into the western
Riverina.\textsuperscript{49} By the late 1870s rabbits were firmly established
in the mallee, and a few years later they had begun to move
into the west Darling from South Australia. The droughts of
the early 1880s temporarily slowed their progress, but their
population quickly rose in the good seasons after 1885. They
spread up the Darling at a remarkable pace; having infiltrated
as far as Cobar by 1884, in 1886 they were on the Paroo and in
the Corner country, and by the following year they had reached
the Balonne.\textsuperscript{50}

The rabbits' contribution to the deterioration of
western pastures is difficult to assess, as it is difficult to
distinguish their influence from that of the sheep. However,
though the squatters in retrospect were inclined to blame all
their misfortunes on the rabbit, it is worthy of note that
rabbits died off quickly during dry seasons while sheep were
still consuming dry feed, and that pasture deterioration by the
turn of the century was not confined to rabbit-infested
holdings.\textsuperscript{51} It is also possible that, had the rabbits not

\textsuperscript{48} Ibid., pp. 18-19.
\textsuperscript{49} Ibid., p. 32.
\textsuperscript{50} Bailey, \textit{op. cit.}, pp. 99-100; Rolls, \textit{ibid.}, pp. 41-2,
46-9.
\textsuperscript{51} R.C.W.D. \textit{Summary of Evidence.}, p. 7.
arrived, the squatters would have allowed their flocks to increase to even higher levels until pasture deterioration reached a point of crisis.

But whatever the environmental effects of the rabbit influx, its economic impact on the squatters was catastrophic. Though rabbits' grazing patterns differed somewhat from those of sheep, they competed directly with sheep for feed. Rabbits cropped off young shoots, preventing grasses from growing tall enough for the sheep to eat, and in times of feed scarcity they would kill edible shrubs by eating their bark. Heavy infestations could leave holdings completely devoid of grass even after rain.

In the early 1880s only a few squatters and station managers recognized the destructive potential of the rabbit infestation. Those who perceived the threat hastened to sell out before the land boom passed. Thus Kilfera station on Willandra Creek was sold in 1883 for £240,000, or thirty shillings a head, when the owners realized the rabbit invasion was imminent. Its purchasers were subsequently bankrupted.

By the latter half of the decade many western lessees were rueing their failure to recognize the danger. As a station manager later commented, not without a trace of smugness, of the employers who had ignored his warnings, "They have been

53. See for e.g.s R.C.W.D. Summary of Evidence, p. 3.
The squatters spent vast sums in ineffectual campaigns to exterminate the pest. A bounty system was introduced in 1880 to encourage the trapping of rabbits, but it was abandoned in 1888 amid mounting complaints that the bounties encouraged rabbiters to promote the spread of the rabbit. Thereafter, the government emphasised the installation of netted fences to keep the rabbit back, but the cost of netting was high, particularly as imported netting was subject to a tariff; netted fences were also expensive to maintain and their effectiveness was reduced by the fact that the mesh used until the early 1890s was wide enough to let small rabbits pass. Eventually pastoralists resorted to their old expedient of poisoning. The country press was studded with articles suggesting new techniques and providing recipes for various lethal brews. But poisoning, though cheaper than netting or trapping, had many drawbacks. Strychnine on phosphorous baits were liable to be eaten by sheep, and the practice of netting in waterholes to force rabbits to drink poisoned water could provide relief only intermittently. The squatters' campaigns against the rabbit had more deleterious effects on themselves than on their quarry.

The difficulties of rabbit control were compounded, and the plains' carrying capacity was further reduced, by the enroachment of inedible scrub onto the pastoral lands. As heavy grazing and ringbarking had reduced the frequency of bushfires, thick stands of young trees began to grow between the Lachlan and the Darling in the latter 1880s. With the Darling floods of 1890 the pine, coolibah and box scrubs spread still further along the flood plains.

The scrubs rendered large areas of land, including some of the best frontage country, virtually useless for grazing, and provided secure breeding grounds for rabbits and other vermin. Ringbarking alone had little effect, as the scrubs soon sprouted again, and squatters found they had to have the roots of the trees laboriously grubbed out to gain more than a temporary respite. Though most pastoralists attempted to check scrub growth on their leasehold areas, few considered the expense justified on the resumed areas; indeed, by the end of the decade many had begun to feel that their resumed areas were more of a liability than an asset.

The floundering western squatters received a further blow in 1888. A brief but severe drought produced stock losses of over a million and brought home the fact that drought

62. See below p. 98.
provision in the region was still inadequate. The western lessees mounted a campaign for concessions from the Crown, as a result of which a new Land Act was passed in 1889. The Act extended the term of Western Division pastoral and homestead leases by twenty-one years. For Central Division lessees whose holdings had become overgrown, the Act created two new forms of tenure, the scrub lease and inferior lands lease, with long tenure and low rents. Automatic rent increases were abandoned in favour of reappraisements at seven-year intervals to set rents according to carrying capacity. This marked a major departure from the assumption which had previously governed official land policy, that occupation of the land necessarily enhanced its worth. The concession was timely, as the western leases would shortly have been due for an automatic increase, but its results were rather less advantageous than the lessees had hoped. When the holdings were reappraised after the Act was passed, only a third of the Western Division pastoral leases, most of them in heavily rabbit-infested or scrubby areas, were granted reductions; more than half had their rents raised, some of them by margins far in excess of the twenty-five per cent increase they would have paid under the old Act, and the rest remained constant.

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63. Foley, op. cit., p. 59.
64. King, op. cit., pp. 106-7 outlines the Act's provisions; for the squatters' agitation, see Australasian, 27 October 1888, 6 April 1889.
65. Calculated from R.C.W.D., Return Z. Exact percentages were: increases, 54%; decreases, 34%; constant, 12%.
Nevertheless, the extension of tenure was a reassuring concession for both the squatters and their financiers, and pastoral prospects in 1889 were better than they had been since the land boom had subsided. The season was good, and flock numbers were recovering rapidly from the setback of the 1888 drought. Even the Insurance and Banking Record abandoned its usual cautious realism to comment, almost reverently:

"It is, in fact, a striking instance of the harmony existing between the various forms of life upon this earth, and the conditions under which they live, that the merino sheep bred in the central districts of Australia, which are so liable to drought, possess so remarkable a drought-resisting power."66

The squatters' hopes rose further when wool prices reached their highest level in five years.67 Many anticipated a land market revival which would allow them to dispose of their holdings.

Indeed, in previous years this combination of conditions would almost certainly have provoked a flurry of activity on the property market. But sales of New South Wales pastoral land had been generally sluggish since the early 1880s. Few colonists could muster the large amounts of starting capital required to purchase squatting properties, and the few who were able to do so were generally wary of investing in the New South Wales interior.

67. See Graph 1, p. 80 above.
The adverse effects of the 1884 Land Act and the menace of rabbit infestation were well-known, and investors generally eschewed New South Wales runs in favour of cheaper, rabbit-free Queensland holdings. The financial institutions, too, though willing to continue to provide funds to established western clients, were reluctant to advance money to cover the purchase of runs as they had in the early 1880s. In this atmosphere the apparent recovery in 1889 counted for very little. Investors opted to bide their time to assure themselves that the recovery was an enduring one before introducing new capital into the region, and few western runs changed hands.

Their caution proved justified. The London wool market relapsed sharply in the first half of 1890. Floods along the Darling system caused extensive damage to many frontage holdings, and a million sheep were lost. And, most alarming of all, early in 1891 it became apparent that the price of store stock had begun to slide. Within New South Wales flock numbers were approaching their natural limit, and sheep exports to Queensland slowed as the northern colony became capable of supplying its own stock requirements. By the end of 1891 the market was saturated and surplus stock had become virtually unsaleable.

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69. See below pp. 163-4.
70. A.I.B.R., April 1890, p. 252; June 1890, p. 402.
71. Ibid., March 1891, p. 162.
72. See e.g. comments in U.M.A. report, *ibid.*, February 1891, p. 107.
73. A.P.R., November 1891, p. 328.
There was also growing concern at the consequences of overstocking. The Government Botanist issued a highly critical report on the state of the colony's native pastures and called for a general reduction in stock numbers. His stand was supported by a number of the more enlightened pastoralists. Pastures in many areas had become "sheep-sick"; the most palatable native grasses had been eaten out, and many edible shrubs had been eliminated in the Western Division. Pasture deterioration was especially bad on the travelling stock routes on which the squatters had to rely to move stock in dry seasons. It was feared that a drought would find the squatters lacking either a feed reserve or a means of getting their flocks away. Cuthbert Fetherstonhaugh, a station manager and squatter of long experience, warned:

"Without doubt, if we do not reduce the 60,000,000 sheep now in the colony within a few years, the short, sharp and decisive means of drought will reduce the number for us, and to a greater extent than we shall relish".  

The sudden reversal brought drastic action from a number of outback squatters. In 1891 and 1892, 2.6 million acres in the Western Division were surrendered or forfeited. But most of the land which was handed back to the Crown was remote, undeveloped country held only under occupation licence: much though they might have liked to turn their backs on their pastoral leases, few squatters had made so small an investment that they could entertain the option.

74. Ibid., August 1891, p. 199.
75. Ibid., December 1891, p. 391.
76. See Appendix A.
By late 1891 the western pastoral industry was facing not merely a shrinkage in income consequent on low wool and stock prices but a major capital loss. It was clear that the western squatters could no longer look to a revival in property values to extricate themselves. In this climate the finance houses at last began to reassess their involvement in outback squatting.

The defensive development of the latter 1880s, like the land boom which preceded it, had been buttressed by large capital imports. The finance houses had pursued a fairly passive policy during the drought of 1883-5; the flow of funds from Britain had slowed, and though established clients were provided with funds to tide them over the bad years, few institutions had been in the market for new western accounts.77 But thereafter the supply of British capital increased rapidly as the London market responded handsomely to the finance companies' attempts to raise debenture funds.78 The finance companies advanced funds freely for their clients to restock quickly, even at the high prices reigning after the drought, and from 1885 they began once again out new western accounts.

77. Cain, "Capital Structure", op. cit., p. 8.; "Pastoral Expansion", op. cit., p. 188; as mentioned in the latter, there were some exceptions to this trend, conspicuous among them the New Zealand Loan and Mercantile Agency Co.
This new lending phase was marked by vigorous competition among the finance companies for new outlets for their plethora of funds and by a general lack of caution in advances to existing clients. Heavily indebted squatters were still able to transfer their accounts from one institution to another. Finance houses undercut each others' interest rates in the race for new clients, and large loans were made on no more security than a stock mortgage or a second mortgage over the pastoral lease. Even at the end of the decade new accounts were taken up, with the institutions justifying their actions by claiming that the new Land Act had greatly improved their securities.

Established clients were virtually given a carte blanche. Unlike most other clients, western squatters were permitted to borrow to finance the installation of improvements on the assumption that the market value of the leases would be enhanced. Funds were also provided to maintain the squatters in the manner to which they were accustomed, whether on the stations or in the more exclusive suburbs of Sydney and Melbourne. And increasingly as the decade wore on the finance companies found themselves making advances to cover deficits on the routine operations of their clients' holdings.

79. Cain, "Capital Structure", ibid., p. 17. Details of these developments are discussed in Chapter 4 below.
80. Ibid., p. 18; similar approaches were taken by the U.M.A. Co. (Australian Estates papers, 5 series).
83. Bailey, op. cit., p. 95; these expenses were the first to be curtailed.
84. See Australian Estates Papers, 5 series.
The effects of this capital inflow were manifold. In the aggregate, by sustaining development in western New South Wales and in the Queensland interior at a pace and intensity which was not commensurate with the yield on the investment involved, capital imports postponed the day of reckoning for outback squatting and ensured that when the crisis did eventually arrive its effects were doubly traumatic. The cumulative demands of the land boom, the mid-decade drought and the defensive investment phase plunged a growing number of western stations into heavy debt. From mid-decade debt levels began to approach or even exceed asset valuations which were themselves inflated by the assumption that the market for stock would remain buoyant and the stations eventually be realizable at 1880 prices. Mounting interest commitments to Britain had to be met by intensified exploitation of colonial resources. In the 1880s this was principally manifested as pressure to increase levels of pastoral output, which in turn led to further borrowing, pasture deterioration and oversupplies of stock and wool. The squatters did make some moves to lower pastoral wages during the 1880s but, although labour supply conditions had shifted in their favour since the beginning of the decade, they were frustrated by the organized resistance of the pastoral workers. Only when the depression of the 1890s intervened to break the power of the bush unions were the costs of dependence on British capital able to be passed on to the pastoral workforce.

85. See below pp. 121-2.
86. Examined at Chapter 7 below.
As the squatters' own equities in their holdings were progressively wiped out by debt, they began to appear less as independent agents than as administrators of the holdings on their creditors' behalf. Though they were accorded a large measure of discretion in their use of the funds provided to them, their effective control over their holdings was limited by their interest obligations and their trappings of social privilege were maintained on their creditors' sufferance. Their growing dependence was concealed only by the continuing capital inflow which permitted the finance companies to keep up advances on failing western enterprises without being forced to consider the hard option of dispossession. At the merest sign of a reversal in the British money market the squatters' subordinate status was bound to be formalized and their freedom of action curtailed. In this sense the wave of foreclosures which took place in the 1890s as the finance companies attempted to put their houses in order did little more than set the seal on the outback squatters' demise.
CHAPTER 4

The Politics of Pastoral Finance

Though the profligacy with which British funds were dispensed to the outback squatters obviously played a central role in the western pastoral industry's continued expansion through the 1880s, the phenomenon has proven difficult to explain in the language of economic rationalism. In the case of the pastoral finance companies especially, although shifts in the overall volume of lending can be traced to the progress of British share and debenture issues, the manner in which funds were distributed was determined by the companies' colonial directors and staff. The persistence with which these individuals pursued a policy of backing "a comparatively few clients with remarkably little restraint"\(^1\) appears to indicate an implicit faith in their clients' judgement which could hardly be regarded as characteristic of financiers as a class.

In their attempts to interpret the financiers' actions as rational, profit-maximizing behaviour, Butlin and Cain have both emphasized the importance of the pastoral finance companies' and banks' competing for the business of large squatters whose clips would yield a sizeable income to the institutions' wool commissioning operations.\(^2\) However, this provides at best a partial explanation. The quest for

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wool commissions played a part in the companies' initial rush for clientele at the beginning of the decade, but the volume of advances quickly grew out of all proportion to the return in the form of wool commissions. This was even more the case later in the decade, when financiers showed themselves willing on several occasions to take over accounts which had been steadily sliding into debt to other institutions. Furthermore, in several respects the finance companies displayed monopolistic rather than competitive behaviour. Both in their local woolselling operations and in their overseas consignment business they acted as a cartel; and even in their lending business the longer-established houses in particular relied for much of their clientele on squatters who were more or less tied to a particular company by prior obligations to individual directors or, less often, managerial staff. In these cases, competition for accounts was out of the question; yet this does not appear to have diminished the companies' willingness to continue advancing funds to the clients concerned. The problem posed by the financiers' apparent act of faith thus remains unresolved.

The proponents of this explanation have themselves implicitly admitted its inadequacy by hinting at possible alternatives. Butlin adverts to, but does not explore, the

3. See pp. 109ff. below. Directors of various companies also occasionally set up co-operative ventures; for example, William Taylor of U.M.A., Andrew Rowan of Goldsborough Mort and Archibald Fisken of A.M.A. were partners in a Queensland squatting venture.
emergence of a "powerful real estate interest" in the pastoral industry, and mentions the growing importance of "non-market criteria" in investment during the 1880s. Cain is rather more explicit, commenting that the companies were so far caught up in the prevailing optimism about the pastoral industry's long-term prospects that they were reluctant to lose clientele by gaining "a reputation for toughness" in the administration of their accounts; the companies' more bizarre excesses he attributes to poor management and to the "personalities and antagonisms" of their directors which, he hastens to add, are beyond the scope of his study.

At the heart of the inadequacies of these explanations is their authors' reluctance to subject the phenomena in question to a political analysis, to examine this particular pattern of collective behaviour as a matter of class action rather than individual motivation. The manner in which British funds were dispensed within the pastoral industry is most easily explained as a product of a class relationship which subsumed that between lender and borrower.

The colonial squatters had enjoyed a long and mutually rewarding relationship with the banks and pastoral finance houses, the latter in their earlier role as wool commission agents. The squatters' station equipment programmes, their pre-emption of closer settlement and their

4. Butlin, I.A.E.D., op. cit., pp. 58 and 5 respectively.
ability to realize capital gains had all been much assisted by access to loan capital, especially during the downturns which had interrupted the general course of pastoral expansion. The banks and pastoral finance companies had in turn benefited from the expanding volume of business which accompanied the extension of the frontier, the enhanced security provided by freehold purchases and the high interest rates produced by the squatters' strong demand for funds.

By the early 1880s a substantial interpenetration of local landed capital with banking and merchant capital had occurred. Squatters who had ridden the tide of the wool boom and the associated land speculation reinvested their accumulated gains in the local wool houses and banks, in which they came to hold numerous directorships, while banking and mercantile profits were redeployed, often through partnerships, into direct ownership of pastoral enterprises. Imported capital was introduced into this nexus partly as a result of British companies' intervening to establish consignment agencies in competition with the local houses and partly by a process of co-option arising out of conflicts between the local wool houses and the banks, each of which sought to gain an edge by securing British funds. But in both cases the use of imported finance became subject to the internal dynamics of the local

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6. The position of the wool houses is discussed in more detail below, pp. 110ff. At least six of the banks had directors who were personally involved in western N.S.W. squatting; these were the City of Melbourne, Colonial, Union, English, Scottish and Australian Chartered, London Chartered and Bank of New South Wales.
financial/pastoral fraternity, with which even the British-owned firms hastened to identify themselves.

Wealthy, unashamedly socially exclusive and bound together by an intricate network of intermarriages, the large squatting families constituted a formidable bloc. Not even the most conservative lending institutions were immune to the attractions of such a wealthy and reliable clientele, and the specialist pastoral financiers in particular adopted avowedly elitist lending policies as they sought to secure their share of the large pastoral capitalists' business.\(^7\) Associations formed in this process could not be lightly renounced; a single act of indelicacy in a financier's dealings with a troubled client might bring down the wrath of an entire squatting clan. But such situations seldom arose during the boom years, and squatters' relationships with their financiers usually remained harmonious. As the specialist houses' share of squatting finance grew larger, the disposition of pastoral advances was increasingly governed by the predilections of financiers who shared a close personal association with the pastoral clique and a commitment to buttressing its privileged position against the meddlings of colonial governments, the threat of closer settlement, the importunate demands of pastoral employees and the temporary fluctuations of markets and the weather.

\(^7\) See e.g. A.M.L.F. papers, 6/110 (W. Cotte to W. Gray, 10 August 1886); Bailey, op. cit., p. 132; Cain, "Pastoral Expansion", op. cit., pp. 177ff.
Characteristically, the financier members of this gentlemen's club allowed their investment decisions to be guided by an assessment of the personal qualities of the client and his business and familial connections rather than by any detailed scrutiny of the economic viability of his enterprise. In the 1870s and early 1880s, as one after another the large squatters plunged their fortunes into the purchase and equipment of runs in the interior, the companies followed them, serene in their confidence that a new era of capital gains was about to begin. Even in the latter 1880s and early 1890s, when numerous squatters were manifestly in trouble, it was difficult to curtail lending. Personal allegiances between financiers and company clients blocked the tightening of lending conditions; staff sent out specifically to implement restrictive policies found themselves being seduced by the relaxed life-style of the Melbourne absentee set; and many companies were deterred from intervening in station management, except in cases of patent incompetence, for fear of alienating a large segment of their clientele.

The pattern of institutional lending in the 1880s was strongly influenced by pre-existing business alliances. The large pastoral capitalists who dominated the pastoral finance companies' local operations had acquired considerable personal patronage networks from their earlier participation (usually in a financial rather than managerial role) in squatting enterprises both in the western districts and elsewhere in the colonies. The finance companies prided these men for the constellations of accounts they brought with them, and were
prepared to grant them considerable latitude for the sake of keeping their allegiance. In many cases company management appears to have left the supervision of accounts in the hands of the particular directors who had acquired them.\(^8\) Advances were thus made on the recommendation of individuals who had close relationships with their clients or even in some cases held partnerships in the enterprises in question. Where there was some doubt about the credit-worthiness of an account, it was often secured by a guarantee from the responsible director. Similarly, the accounts of lesser squatters or individuals with whom the companies had no previous dealings were often taken up on their being guaranteed by a better-known relative or associate. Guarantors were sometimes remunerated for their assistance by a rebate on the interest earnings from the account.\(^9\) In this manner the patronage system stretched its tentacles far beyond the immediate circle of the larger pastoral capitalists.

It was natural that a mode of operation which allowed such wide discretion to a handful of individuals should produce wide variations in practice between and within companies. At its worst the system gave rise to an outright cronyism

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8. This is evinced to some extent by the paucity of detailed station reports in company records before the 1890s. See also Cain, ibid., pp. 192ff.
9. See e.g. notes on William Kilgour's account in Dalgety papers, 100/1/74. Guarantees from MacBain of the A.M.L.F. board of advice for the account of Canally, in which he had been a partner, are included in A.M.L.F. papers, 6/109; N.Z.L.M.A. papers 110/4/312 include an instance of a squatter's guaranteeing a small grazier's account.
reminiscent of the operations of the companies involved in the parallel Melbourne land speculations. Around 1890 several pastoral finance companies were riven by allegations of misfeasance on the part of their directors. There was uproar at a meeting of Goldsbrough Mort shareholders in 1889, with Andrew Rowan and J.S. Horsfall, both directors of the company, accusing each other of taking personal loans. In Rowan’s case at least the allegation was true; his Thurloo Downs station in the Western Division had been taken up by the company from the Bank of New South Wales two years previously with a debt of £12,000 outstanding. More seriously, he and others involved in the company appear to have used company funds for urban land speculation. The meeting concluded with Horsfall, who had resigned from the board, commenting:

"If you offered me ten thousand pounds a year to come back to the company, I would refuse it with scorn. I decline to be identified with any of these men."

Brawls of this kind did little for the confidence of shareholders and British investors; for the most part the companies preferred to prevent them from coming to public attention.

But Goldsbrough Mort was by no means the only company affected. In 1890 the Union Mortgage and Agency Company

11. Cain, "Pastoral Expansion", op. cit., p. 189; Lands Department records, 8/2226. The fact that Horsfall’s secret price for eventually rejoining the company was a £10,000 advance to his son-in-law suggests that he too may have been involved in some dubious dealings (A.D.B., vol 4, p. 427).
(U.M.A.) was the scene of a similar struggle, this time involving the London and Melbourne boards. The chairman of the Melbourne board of directors, G.N. Turner, had guaranteed accounts on a number of stations, predominantly in western New South Wales, including several in which he was personally interested. His liability to the company having run up to £680,000 with little prospect of the capital being realized by the stations involved, the London board had become anxious to remove both Turner and his business. But Turner and his partner J.S. Moodie, who had both been involved in Melbourne land speculation through the notorious Davies companies,¹⁴ could not produce the cash to repay the debts after the collapse of the Melbourne land boom. After a protracted argument, in the course of which Turner repeatedly threatened to air the matter at a shareholders' meeting, the issue was settled privately.¹⁵

There were also difficulties between the London office of the Australian Mortgage Land and Finance Company (A.M.L.F.) and its colonial board of advice. In 1891 Sir James MacBain, a prominent Victorian politician and pastoralist who had once managed the company's affairs and was now chairman of the board of advice, resigned after clashing with the general manager, E.M. Young, over supposed laxness and favouritism in MacBain's administration of several western New South Wales

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15. This paragraph is based on correspondence in Australian Estates papers, 165/135.
accounts, including one in which he held an interest. The company was thrown into panic at the prospect of the adverse publicity and loss of business MacBain's resignation would entail; his resignation was refused and the quarrel hastily patched up.16

The A.M.L.F. had already experienced some problems in its attempts to pull in the reins on its clients. In 1885, concerned at the growth of indebtedness on its outback accounts during the 1882-5 drought, the London office had appointed William Drysdale as inspector and sent him to the colonies with the intention of implementing more restrictive lending policies. Drysdale appears to have adapted rather too readily to Melbourne society. Young was not impressed by his inspector's taking on five new western New South Wales accounts, several of which were already in debt to other institutions, and Drysdale's appointment was not renewed in 1890.17

The Australian operations of the New Zealand Loan and Mercantile Agency Company (N.Z.L.M.A.) offer a similar case of rapid acclimatisation to the speculative mores of the squatting investment clique. The company did not have local directors with private patronage networks; rather, it appears to have vested complete discretion on its Australian manager, David Elder, a newcomer to the pastoral field who had been an

17. Ibid., pp. 104-5, 126. Drysdale was subsequently hired by U.M.A.
accountant before joining the company in 1880. Throughout the decade Elder showed an aggressive spirit in his pursuit of a squatting clientele, using the company's cheap funds to undercut his rivals. N.Z.L.M.A.'s western New South Wales business grew in conformity with this policy; by 1885 the company already held mortgages over ten Western Division stations and was garnering clientele whenever it could, much to its competitors' chagrin.

The basis on which Elder assessed the worth of station securities is unclear; certainly he wasted little effort on inspections. His failure to acquaint himself with clients' properties and his general aggressiveness came under scrutiny during N.Z.L.M.A.'s liquidation hearings in 1894, in the course of which the judge expressed his astonishment that one transaction in which Elder had engaged did not result in his suspension. The board's failure to write down station values and its paying dividends out of unearned interest also occasioned severe criticism. In spite of the judge's finding a prima facie case of fraud against at least one of the company's directors no prosecution took place, leading the Australasian Insurance and Banking Record (by no

19. Young of A.M.L.F. at one point commented "Surely there is a day of reckoning for this plunging company ... we cannot run a race with them" (1884). See Cain, "Pastoral Expansion", _op. cit._, pp. 190, 198.
20. Lands Department, 8/2226.
means an organ of radical sentiment) to express its wonder at "the large measure of immunity which appears to attend directorial misfeasance". Elder also remained in his position, albeit under rather closer supervision by the board. Perhaps the company could not afford to disgrace the man whose activism in the Pastoralists' Union had led the Bulletin to label him the "Napoleon of the capitalist party".

The lead of the large pastoral finance houses was followed by several smaller companies. The Australasian Mortgage and Agency Company (A.M.A.) arose out of Hastings Cuningham's wool-broking business and apparently inherited his clientele. By 1900, £400,000 of the company's £1.5 million pastoral advances had been invested in the Western Division. Two years later the company's managing director, Lewis Kiddle, resigned abruptly after two men were sent out from Britain to inspect the company's accounts. As the British shareholders' meeting which received the inspectors' report resolved unanimously that it not be circulated, the reasons for his resignation can only be surmised; the pattern, however is a familiar one. The company subsequently was reconstructed and eventually went into liquidation.

24. Ibid., January 1895, p.11.
27. Lands Department papers, 8/2226, and New South Wales Legislative Assembly, Votes and Proceedings, 1876, vol 3, pp. 1034ff. give a number of mortgages in Cuningham's name.
30. Ibid., May 1902, p. 361, May 1903, pp. 404-5 discusses the company's reconstruction.
and Finance Company appears to have taken over some of the pastoral accounts of William Murray and Charles Sanderson, who held a number of western New South Wales runs, probably under mortgage, in the 1880s. Scant information is available about this company, which liquidated during the drought of 1902, only thirteen years after it was first floated, with three Western Division stations registered in its name.

Even lending institutions whose policies were normally conservative became involved in substantial western New South Wales investments. Dalgety and Company appear to have been reluctant to commit themselves to large advances secured only on Western Division holdings; nevertheless, the company had acquired a large number of western properties by 1890. The majority of Western Division mortgages held by Dalgety appear to have come from the company's relationship with the Patterson family and from the personal clientele of a former Dalgety partner, Arthur Blackwood, and his family. Closer examination of the Dalgety archives might shed more light on Blackwood's role in the firm; however, whether acting as private lenders or on behalf of the firm, Blackwood's family held partnerships in twenty Warrego and Albert runs in

31. Lands Department records, 8/2226.
32. A.I.B.R., August 1889, p. 558, July 1902, p. 509; Lands Department records, 8/2225.
33. Some biographical details on Blackwood are given in A.D.B., vol 3, pp. 177-8.
34. Dalgety archives are currently held at the Archives of Business and Labour, Australian National University; negotiations are in train for the inclusion of Dalgety London office papers in the collection.
1875-6 and in eleven of the consolidated holdings registered in 1885 under the new Land Act. Of the latter, all but one subsequently passed to the company. Dalgety also acquired six Western Division holdings from members of the Patterson family, and other clients accounted for fourteen mortgages.

Although, like the other companies, Dalgety was eventually to experience difficulties with its western accounts, its position was considerably stronger than the others'; its business was diverse, its dividend and reserve policies conservative and its lending comparatively cautious. Dalgety preferred to concentrate on clients who had securities and income from sources outside the Western Division; debts were not allowed to escalate to levels approaching station valuations; and, unlike several other companies, Dalgety seldom attempted to take on the full debt burden of the holding. Nor does the company appear to have taken mortgages over western properties with which its shareholders were associated, except in the case of Blackwood and his partners.

For the most part the banks allowed the finance companies to make the running in western pastoral lending in the 1880s. In the early years of the decade the banks had felt

36. Lands Department records, loc. cit.
38. Lands Department papers, 8/2225-6, cf. 1885 list of Dalgety shareholders in Mort and Co. papers, 13/11/7.
the pinch severely. Where they had been able to charge eleven per cent interest on pastoral advances in 1879, they could now only get seven to nine per cent and were being undercut at that by the finance companies. The banks lost pastoral lending business, and there were complaints that their funds were lying idle. They also experienced a setback in their attempts to enter directly into the wool consignment business in competition with the non-banking companies.

The confrontation ended in a stand-off, with the banks largely leaving the finance companies to compete with each other. As early as March 1881 the Insurance and Banking Record was preaching the gospel of forbearance, urging bankers not to take the risk of competing for large squatting accounts but to redirect their energies into financing smallholders, traders and manufacturers. Nevertheless, the banks did not withdraw entirely from lending on western stations; the proportion of holdings registered in their names remained virtually static at 13% between 1879 and early 1885, then grew gradually in the next few years, eventually hovering at about 19% in 1888-90.

Little is known in detail about the banks' western lending operations, but a sketchy picture can be pieced

41. See table, ibid., March 1890, p. 197.
42. Ibid., March 1881, pp. 79-80.
43. N. Butlin, "Company Ownership", op. cit. p. 96; Lands Department papers, loc. cit.
together from various sources. Pastoral lease registers suggest that several banks changed their Western Division lending patterns markedly after 1885. The Australian Joint Stock Bank and the London Chartered Bank, which together held twelve station mortgages early in 1885, took on only one new mortgage between them in 1885-91; however, as only two of their original mortgages were discharged in the latter half of the decade they still held eleven stations in 1891. Similarly the Commercial Banking Company, which with fourteen stations was the largest mortgagee institution in 1885, took out only eight new mortgages thereafter. The Bank of New South Wales, seldom an aggressive western pastoral lender, had foreclosed on at least one account and had its holder declared insolvent in 1887. Its level of activity as a Western Division mortgagee was roughly constant over the decade as a whole, but the conditions it imposed on borrowers were extremely stringent, and in the second half of the decade it allowed at least four western accounts to pass to other institutions or private lenders.

On the other hand there was a substantial increase in the Bank of Australasia's Western Division mortgages between 1885 and 1891. Starting with only two mortgages, the bank

44. Lands Department papers, 8/2226.
45. Ibid.
47. Dalgety papers, 100/4/1/110.
48. Lands Department papers, 8/2226.
49. Ibid.
took on ten new clients. The bank's pursuit of business was sufficiently vigorous to worry Young of the A.M.L.F., who in 1887 decried "the reckless course of management" it had adopted and declared, "we must not run a race with them on such lines as to security - by doing so we should abandon the first principles of our business." The Union Bank likewise, in spite of its general preference for indirect arrangements with mortgage companies, enlarged its Western Division holding from one to eight stations between 1885 and 1891. By 1889, however, both banks had adopted more restrictive policies and were actively moving to curtail advances. In the Australasia's case, excessive enthusiasm in administering the new policy gave rise to a legal battle with one of its Western Division clients; in 1891 the former lessee of Innesowen brought a suit in which the Court found against the bank on five charges, including those of selling the station unstocked in contravention of an earlier agreement and of depriving the plaintiff of property in the course of the sale.

But in spite of their growing concern the banks were unable to effect a large reduction in their western involvement; the overall number of bank holdings fell only marginally between 1888 and 1890, then rose in 1891. Though by comparison with the pastoral finance companies the

52. Lands Department papers 8/2226.
55. Lands Department papers, 8/2226.
banks' western business was a relatively small component of their lending operations, the thirteen banks holding Western Division mortgages in 1891 probably made a substantial contribution to the overcapitalisation of western pastoralism.

The wool consignment-cum-finance companies and the banks were not the only avenues from which the pastoralists received funds. The Australian operations of the Trust and Agency Company, which was set up in 1860 to supply long-term mortgage finance to pastoralists in Australia and New Zealand, appear to have been heavily concentrated on lending to clients with western holdings. Although the company's clients' borrowings were not permitted to exceed half the valuation of the security, intermittent difficulties appear to have arisen in repayments after 1882. This may have been partly due to the fact that several clients had contracted large debts to other companies.

Private lenders were also active, as they had been in the 1870s. Several private mortgages are recorded in the Lands Department archives; the principals of unincorporated woolbroking firms were conspicuous, accounting for many of the registered partnership holdings by the end of the decade. There was a marked tendency for private lenders to abandon

56. Trust and Agency Co. papers, 94/5.
57. For examples of multiple debts involving the company as first mortgagee, see Australian Estates papers, 165/315.
58. 8/2226; mortgages were marked with annotations, though not with complete consistency.
59. Among these were Hill, Clark and Co., Sanderson, Murray and Co., J.B. Watt and W.O. Gilchrist.
partnership arrangements in favour of taking a mortgage over the holding or guaranteeing it for an institutional loan. This probably reflected lenders' inability to supply the funds required for defensive development, their dissatisfaction with the return yielded by a share in meagre pastoral profits and their desire to improve the security they held in return for their loans. In other cases private financiers withdrew from the enterprises completely, often precipitating the remaining partners into the hands of financial institutions shortly afterwards. Over the period from 1885 to 1891 inclusive, fourteen Western Division partnerships underwent withdrawals and only three were enlarged. This suggests a growing wariness among private financiers, in marked contrast to the optimism expressed in the public statements of most lending institutions.

Indeed, from about 1882 the companies' own records gave plentiful indications that western pastoralism was falling into difficulties. By 1885 numerous stations had run up substantial debts; of ten U.M.A. accounts in western New South Wales, for example, seven were carrying debts in excess of half their valuations and another had actually exceeded its

60. Lands Department papers, 8/2226.
61. Ibid.
62. See e.g. A.I.B.R., October 1889, p. 744, January 1890, p. 23, March 1892, p. 191. Where company reports expressed reservations about the prosperity of the pastoral industry, they usually stressed the importance of drought and other factors beyond human control.
63. See Bailey, op. cit., pp. 75, 97-8, 104; Cain, "Pastoral Expansion", op. cit., p.188.
valuation. The position deteriorated further in the second half of the decade. Bailey has found that the debt per sheep on ten A.M.L.F. accounts in the Central and Western Divisions had reached 24/3d in 1889-91, and on the Western Division stations interest charges had risen to two-thirds of gross wool proceeds. Goldsborough Mort's Western Division clients must have been in a similar position. And on the U.M.A. accounts for which information is available the debt per sheep in 1890 ranged from 12/- to a massive 38/-, and the cost of interest payments from 67% to 121% of gross wool proceeds. Mortgagee institutions, like their clients, were becoming increasingly dependent on stock sales to maintain a cash flow. In 1890, and apparently on several occasions before that, the U.M.A. had to rely on stock proceeds to pay its dividend after its liquidity had reached "a point of extreme peril". On the worst accounts even stock earnings were insufficient to cover interest payments. In 1888, 14% of the A.M.L.F.'s earnings went to cover unpaid interest on advances; other companies allowed paper profits to accumulate from interest on

64. Australian Estates papers, 165/315.
66. Cain, "Companies and Squatting in the Western Division of New South Wales, 1896 - 1905" in Barnard, ed., op. cit., p. 438 (henceforward cited as "Companies and Squatting") cites ten stations with 497,000 sheep which together were security for almost a million pounds in 1896. Even assuming a higher-than-average rate of stock losses in 1891-6, with advances fairly static in the interim this would indicate a debt well in excess of one pound per head.
68. R. Jeffray to W. Forrest, 9 January 1891, in Australian Estates papers, 165/135.
accounts which were merely sinking into debt still further. 70

Still more alarming was the failure of the land market to recover after the 1884 Land Act was passed. Between 1885 and 1891 inclusive, only about forty-nine Western Division holdings changed hands on the market while 111 mortgages were taken out, 71 and the prices realized in the latter half of the decade were seldom commensurate with those of 1880-1882 in spite of heavy investment in capital facilities. 72 Nevertheless the financial institutions, even including the banks, 73 were reluctant to accept this as a permanent loss, and held on in the hope of a market upturn rather than reassessing their securities. Goldsborough Mort even claimed that the 1889 Land Act had added thirty per cent all round to the value of the company's leasehold securities, 74 and the U.M.A. continued to advance funds for further improvements until 1891. 75

Several companies made attempts to tighten up control over the widening deficits on their western accounts during the 1880s. There were some foreclosures; Goldsborough Mort took over Pirillie, 76 the A.M.L.F. Mount Arrowsmith and Conapaira. 77

70. Jeffray to Forrest, 9 January 1891, in Australian Estates papers, 165/135; Coghlan, op. cit., p. 1645.
71. Lands Department papers 8/2226. This may understate the position, as it is likely that some private mortgages were not noted as such.
72. Randell, op. cit., p. 166.
75. Australian Estates papers, 5/16 (Tindarey) and Jeffray to Forrest, 9 January 1891, in 165/135.
76. Cain, "Companies and Squatting", op. cit., p. 454.
77. Bailey, op. cit., p. 137.
and N.Z.L.M.A. some unnamed western stations. The banks also foreclosed in some cases, though the frequency of foreclosures is unknown. But in general financial institutions seem to have been unwilling to remove incumbent pastoralists from their stations. Stations could only be sold at a loss on the prevailing market; the companies had experienced difficulties in disposing of the numerous stations which fell into their hands after deaths among an ageing generation of squatting clients. Furthermore, the bitter enmities to which foreclosure would give rise would damage the companies' wool commissioning business with their erstwhile clients' relatives and associates. Even attempts to restrict station expenditure and introduce closer supervision of clients' holdings encountered problems when they had to be administered by local officials who were inclined to regard such measures as unnecessary intrusions. In the A.M.L.F.'s case closer supervision of accounts was introduced after 1885 and advances for improvements and for clients' personal expenditure halted; but the difficulties, discussed above, between Young and the company's colonial administrators hampered the shift to a stringent lending policy. Goldsborough Mort and the U.M.A. both appointed inspectors before 1890, but in neither case did this have a major effect on the company's willingness

79. Holder, op. cit., p. 534 notes that the Bank of New South Wales foreclosed on as many of its Central Division accounts in 1885-90 as in 1890-3, but it is unlikely that this practice was universal.
81. Ibid., pp. 95, 107.
to continue lending.\textsuperscript{82} Elder of N.Z.L.M.A. paid no heed when the company's London secretary, after a visit to the colonies, warned that losses were being incurred on properties with which the Australian manager had little or no acquaintance.\textsuperscript{83} But powerful forces were emerging both in Britain and the colonies to ensure that colonial pastoral financiers would soon be jolted out of their complacency.

\textsuperscript{82} Cain, "Pastoral Expansion", \textit{op. cit.}, pp. 192-4; annotations on Australian Estates papers, 6 series.  
\textsuperscript{83} Cain, \textit{ibid.} pp. 196, 198.
CHAPTER 5

Crisis and the Pastoral Interest.

Studies of the 1890s depression in Australia have customarily emphasised the discontinuity between that decade and the thirty-year boom which preceded it. In quantitative terms the contrast between the two periods is clear. The colonies' importation of British capital and their rates of economic growth slumped violently in the 1890s culminating in a major financial crisis in 1893. But the advent of depression has also been seen as marking a qualitative change in the colonies' relationship with Britain, usually conceptualized as the supersession of a state of colonial autonomy by a heavy dependence on British control. In Butlin's words, "Australia's satellitic connection with Britain suddenly became vital" in the 1890s; or as David Clark, writing from a Marxist perspective, phrases it "the Australian worker received a reminder of the dependent nature of our development and of the tenuous foundations on which his high standard of living had rested." In either case the underlying motif is the souring of an imperial connection which, having played a creative role in stimulating economic growth during the boom, contributed largely to the severity and duration of the depression which followed. Debate has then focused on whether the transformation of the imperial connection was an exogenous cause of the

2. Clark, op. cit., p. 61.
depression or merely an outcome of the problems plaguing the sectors of the Australian economy on which British investors had concentrated.  

This preoccupation with analysing the evident shift from a state of rapid growth and prosperity to one of stagnation and depression has, however, masked some of the important elements of continuity between the two phases. In particular, on closer scrutiny the qualitative change in the role of the imperial connection appears rather less dramatic. The assumptions that the colonies had autonomy during the boom and that British investment fulfilled a constructive function until the onset of depression are subject to challenge and qualification, especially as they relate to the 1880s. The highly visible British intervention of the depression years rested largely on the exercise of powers assumed as a necessary condition for boom-time lending, and the situation which impelled the British to make use of these powers owed much to the imbalance consequent on the concentration of capital imports on a limited range of colonial ventures, many of which made at best a dubious contribution to the well-being of the colonies. The cumulative effect of these developments was to inhibit the independent accumulation of capital within the colonial economy.

3. The principal contributions to this debate since the publication of Butlin's I.A E.D have been those of A.R. Hall (The London Capital Market and Australia, Canberra, 1963) and E.A. Boehm (op. cit.).
Uneven Development and its Aftermath

In his works on Australian development in the latter part of the nineteenth century, N.G. Butlin has amassed a wealth of evidence to support the proposition that the colonial economy was in a state of severe disequilibrium by the latter 1880s. For his explanation of the 1890s depression, Butlin has placed much emphasis on the marginalisation of the pastoral industry, the growth of speculation in urban land and the decreasing efficiency of public investment in transport and communications. His discussion of the canalisation of investment into a few sectors where the marginal efficiency of capital was falling has countered the tendency of earlier writers to exculpate the colonies from any blame for the depression; nor can his evidence be accommodated to David Clark's more recent comment that the colonial economy during the boom underwent a "process of dynamic equilibrium which could not be indefinitely prolonged given the restraints imposed by [Australia's] external economic relationships." Though the excesses of the 1880s should not be allowed to overshadow the massive infrastructural development achieved during the Long Boom as a whole - the construction of a transport and communications network covering much of the eastern part of the continent, the extension of pastoral and agricultural settlement, the growth of mining and, to a lesser

5. Clark, op. cit. p. 61.
extent, manufacturing industry, and the installation of urban residential facilities on a large scale - the conclusion seems inescapable that by the latter 1880s the leading sectors of the colonial economy were encountering problems which went far beyond a simple dependence on imported capital.

But, on the other hand, it is facile to treat these problems, as Rowley appears to do, as merely being inevitable concomitants of capitalist development.\(^6\) It is far from coincidental that the three sectors of the colonial economy in which structural problems were most pressing were also the foci of British investment. The genesis of the "internal" disequilibrium on which Butlin blames the depression is explicable in terms of the second-order political and economic effects of British intervention in the colonies; the "deterioration" of colonial investment criteria on which he places so much emphasis\(^7\) was symptomatic of a far deeper malaise. To this sectoral imbalance the colonies owed the balance of payments problems and chronic dependence on external supplies of capital which eventually exacerbated the dislocation associated with structural readjustment. The integral association between the orientation of boom-time British investment and the subsequent severe depression points up the arbitrariness of Rowley's adjudging Australia to have been a beneficiary of the imperial connection on the basis of an assessment of the boom period.

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alone, without consideration of the less palatable long-term consequences of British intervention.\(^8\)

Butlin's claim that external circumstances "provided a long-run expansive influence [on the colonial economy] until the end of the 'eighties without much specific direction"\(^9\) is true only in a limited sense. Certainly, sections of the colonial commercial, pastoral and financial bourgeoisie were given considerable latitude in their deployment of British loan capital and with the exception of a few companies and private investors, conspicuous among them the various British squatting ventures, the British generally eschewed direct ownership of colonial enterprises. In Australia, as in other territories whose indigenous populations had been overwhelmed by white settlement, British control was less hegemonic than in those parts of Africa, Asia and Melanesia where direct ownership of local enterprise was the rule; as exemplified in the previous chapter, the investment preferences and internal dynamics of the sections of the Australian bourgeoisie funded by British capital therefore played an important role in the administration of British interests.

But this emphasis on portfolio investment did not imply a complete abrogation of external influence and control. The state of international markets for the colonies primary exports had a profound influence on the orientation of economic

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activity in Australia. In particular, the general bouyancy of the international wool market throughout the Long Boom contributed largely to woolgrowing's comparative advantage over agriculture in the arable districts, to the surge of investment in station equipment and eventually to the strategic position occupied by the pastoral industry during the 1880s and early 1890s when, in spite of the fact that its workforce was small, it provided more than half the colonies' export earnings.\(^{10}\)

The pattern of British investment was by no means directionless. Much of the finance which flowed from Britain during the 1880s was provided through the London and Scottish markets by investors of conservative habits. They were not interested in providing industrial risk capital, but were principally concerned to find established, safe, moderately remunerative enterprises in which they could invest their savings for fairly short terms.\(^{11}\) In practice this implied that they entered the Australian market in a large way only after twenty years of boom-level activity had demonstrated the colonies' capacity to provide sound investment outlets, and that their interest gravitated towards government bonds and short-term investments in private enterprises involved with lending on colonial land. Apart from a brief phase of mining investment in 1887-9, British investment in the colonial private sector was mainly oriented towards pastoralism and urban land development, either directly through debenture

raisings by pastoral and urban mortgage companies or indirectly through bank deposits.\textsuperscript{12}

The overall volume of British investment and its distribution between the various borrowing institutions changed markedly over the period from 1881 to 1892. These shifts are summarized in the accompanying table. For the first half of the period the stage was dominated by heavy colonial government borrowing and more modest but nonetheless substantial private borrowing for pastoral investment. These were the years in which the pastoral finance companies, their ranks swelled by recent London incorporations, set about breaking their dependence on borrowing from the colonial banks. The British lenders responded well, and for the remainder of the decade the pastoral finance companies, especially those with London head offices, were able to borrow "virtually at will"\textsuperscript{13} obtaining debenture funds in Britain at interest rates three to four per cent lower than those charged on colonial pastoral advances.\textsuperscript{14} The banks also drew a large volume of British deposits, stressing the predominantly pastoral orientation of

\textsuperscript{12} General accounts of this are given in ibid, pp. 57, 89ff; Boehm, \textit{op. cit.}, pp. 126ff; Butlin, \textit{I.A.E.D.}, \textit{op. cit.}, pp. 148ff, 407ff.

\textsuperscript{13} Butlin, \textit{ibid.}, p. 155. It is interesting to note that Goldsbrough Mort's lack of a London head office proved to be an obstacle to its raisings early in this period (Cain "Capital Structure", \textit{op. cit.}, pp. 11-12).

\textsuperscript{14} Many debenture issues were recorded in the pages of the \textit{A.I.B.R.}; see also Cain, \textit{ibid.}, pp. 4, 12 et passim.
Note: (a) Investment under this head was primarily in urban land development.


### Investment by Year

<table>
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<th>1899-1900</th>
<th>1913</th>
<th>Average Yearly (£ million)</th>
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### Table 1: Direct Estimate of British Investment in Australia, 1881-1900

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their business, but as British funds still constituted a small proportion of total bank deposits the banks were not able to capitalize on the cheapness of British money to the same extent as the pastoral finance companies.

Nonetheless in the second half of the period capital imports by the pastoral finance companies increased at a much slower rate as the incorporation of new firms slowed and the optimism of the early 1880s faded. The rate of colonial governments' new borrowing also fell off. But the rise in bank borrowings, especially in Scotland, and the dramatic entry of urban land development companies into the British market after 1887 more than outweighed the effects of these reductions. Overseas borrowing peaked in 1888 and 1889, exceeding £22 million in both years. Even in 1890-1, when the tone of reports proceeding from the colonies was cautious or even gloomy, the comparatively high rates of interest offered by colonial institutions continued to attract British investors.

The Britons who placed their savings with colonial institutions on the assumption that they would yield a reliable return would have been somewhat disconcerted had they known the uses to which their funds were being put or the cumulative effect the capital inflow was having on the colonial economy.

15. It was estimated in the early 1890s that roughly two-thirds of the banks' advances were on pastoral and agricultural land (quoted in Boehm, op. cit., p. 219) and it appears to have been mandatory for chairmen to include an extensive assessment of the pastoral position in their addresses to shareholders (as quoted in A.I.B.R.).

The calls for funds to which they had responded so enthusiastically were symptomatic of runaway growth in a few sectors of the colonial economy, each of which had been highly profitable at an earlier stage but was now facing a period of diminishing returns. A paradoxical consequence of British reluctance to invest in untried colonial enterprises was thus a channelling of imported funds toward sectors where the marginal efficiency of capital was declining, with the result that any adjustment towards a more balanced pattern of economic growth was deferred.

In each of the three major areas of British investment - government construction, pastoralism and urban land development - sections of the colonial bourgeoisie employed the seemingly inexhaustible supply of British funds to shore up their domestic political and economic power. Increasingly borrowed capital was turned to political ends, with scant regard either for the real return on the investment or for the longer-term shortcomings of dependence upon Britain.

Public construction policy became a matter of intense sectional political rivalry during the 1880s as the emphasis of railway development moved from the construction of major trunk routes to the installation of branch lines. As discussed above, intercolonial competition for the inland trade spurred the construction of duplicate lines into the interior and the institution of concessional rates for freight to and from marginal areas. In the fluid parliamentary political

17. See pp. 57-60 above.
system of the day, shifting regional and sectoral alliances were formed as each member sought to capitalize on the opportunity to ensure his own re-election by distributing largesse among his constituents from the public purse. And, as the eighties wore on and boom-time levels of employment and wages showed a tendency to sag, governments began to sponsor increasingly dubious construction projects for the sake of winning the labour vote. As public borrowing mounted, the burden of interest on the public debt impelled governments to further borrowing. By 1890-1891 the cost of servicing the public debt had approached a fifth of gross public revenue in New South Wales and Victoria and exceeded one third in Queensland.

In the case of the pastoral industry, as outlined earlier, much of the demand for borrowed funds arose out of the squatting interest's attempts to counter the encroachments of closer settlement either by freehold purchases or by retreating further into the interior. The inflation of private market prices for land and stock created a heavy demand for borrowed finance among new entrants and squatters in marginal areas without adding to pastoral productivity. Expenditures on freehold purchase represented a constant drain on industry funds. And even expenditure on capital equipment during the defensive investment phase of the latter 1880s yielded, on

Butlin's estimate, barely enough to cover mortgage interest on the capital expended.20

The stagnation of the wool market exacerbated the effects of the interest burden. By 1889-91, on a conservative estimate, interest on pastoral borrowings from institutional sources alone was over a fifth of the industry's average cash receipts,21 and in 1893 Coghlan estimated that, excluding the pastoral industry's share of the banks' overseas payments, one eighth of the colonies' pastoral proceeds went to the payment of dividends and interest overseas.22 Nevertheless, in spite of its deteriorating position, the pastoral industry could at least claim to be paying its way in the colonies' balance of payments. The same could not be said of the urban land development which was the other major avenue of private investment in the colonies.

21. This includes advances by banks, British insurance companies and the ten largest pastoral finance companies. Assuming the pastoral industry's share of total bank advances remained at the lower end of the range estimated by Butlin (I.A.E.D., op. cit., 144-5) for 1883, pastoral bank advances by 1889-91 would average £58.9 million. Direct British insurance mortgages were probably about £5.6 million (A.I.B.R., Sept 1893 p. 848 and Boehm, op. cit., p. 141). The ten pastoral finance companies' advances averaged £22.2 million (Butlin, ibid., p. 143). The total invested was therefore about £86.7 million, which at an interest rate of 7% (on the lower end of prevailing pastoral rates) would mean an interest bill of £6.1 million per annum or 22.6% of estimated average cash receipts of £26.9 million (Butlin, ibid, 174). This excludes other insurance lending, the smaller finance houses and all private lending.
Until about 1887 the influence of capital imports on urban land development was largely indirect. Urban development relied heavily on the accumulation of local capital, especially through building societies; even the banks played a comparatively small role, with urban housing loans comprising probably about a fifth of their lending business. British investment became important only when its effects on interest rates and real wages became large enough to influence demand. The colonies entered the Long Boom with a severe deficiency of housing stock, and the colonists early turned to providing themselves with a better standard of shelter. Over the Long Boom as a whole residential investment was a significant avenue of capital formation, accounting for over a third of total capital formation on Butlin's estimate.

The character of urban development changed markedly in the 1880s. For much of the 1870s, in spite of rising wages, urban construction was held back by the high interest rates which accompanied rapid pastoral expansion and heavy public investment. But from the early 1880s as British funds flowed into the colonies and interest rates fell, the housing market began to boom. Building activity, and with it housing finance, was redirected away from construction by owner-occupiers towards speculative building in advance of the

26. Ibid., p. 211.
27. Ibid., p. 283.
increase of housing demand. This movement was furthered by capital accumulation within the housing industry, as windfall gains were reinvested in new suburban developments; private funds which might otherwise have been used for pastoral investment were also turned to urban development after the escalation of pastoral entry costs in 1879-82. Large syndicates began to rely heavily on manipulating the urban land market to assure themselves of capital gains.28

The urban boom reached its apogee in Melbourne in 1888. New South Wales urban construction subsided after 1884,29 but in the southern capital the momentum of expansion was sustained by the intervention of finance companies and land mortgage "banks", which became involved in land purchase and development on a wide scale.30 Land values spiralled, both in the suburbs and in the central business district.31 And in the penultimate phase of the boom numerous land development companies, having somewhat overreached themselves, began to turn to the British market for funds to overcome their internal liquidity problems and finance still more grandiose development projects. But the remarkable success these land "banks" enjoyed in their British borrowing 32 was not matched by that of their ventures in the colonies. The Melbourne land boom

29. Ibid., p. 285.
30. These companies' activities are examined at length in Cannon, (Land Boom, op. cit.), passim.
32. See Table 1 above., p. 133.
came to an abrupt halt in the latter part of 1889 as it became clear that the housing market had been flooded. The turnover of urban property slowed and speculative builders and finance companies were left hopelessly overcommitted. For Victoria the waves of company crashes and individual insolvencies which followed signalled the onset of depression.³³

The heavy concentration of investment in public construction, pastoralism and housing had cost other sectors of the Australian economy dearly. Agriculture and manufacturing in particular faced a chronic dilemma. On the one hand, competition with the leading sectors forced up their labour costs, especially for low-skilled manual workers and seasonal labourers. On the other, the adoption of more capital-intensive production methods was hampered by the diversion of locally-accumulated funds and imported capital alike into the leading sectors, which left agriculturalists and manufacturers dependent on ploughing back profits for capital equipment purchases.³⁴ Agriculture was further handicapped by the necessity of competing with the squatters for land; in New South Wales especially, much of the arable land remained uncultivated until the falling price of pastoral produce in the 1890s impelled the squatters to diversify into crop production, often on a share-farming basis.³⁵ The fledgling colonial manufacturers were confronted with heavy import competition

from well-established British industries. The main scope for industrial development lay in the production of perishable goods, items whose low value-to-weight ratio made importation costs prohibitive, goods such as clothing and textiles which were produced by cheap, predominantly female labour, and technologically innovative items designed specifically for local conditions. Though manufacturing was able to expand on this basis to reach 11.8% of gross domestic product in 1886-90 and employ 16.7% of the eastern mainland colonies' workforce by 1891, manufacturing establishments were generally small, capital-to-labour ratios low and production techniques inefficient.

This left the colonies exposed on several fronts. Of the three leading sectors, only the pastoral industry contributed directly to the colonies' export earnings, and even squatting investment was yielding diminishing returns. The colonies' import bill consistently exceeded their export earnings between 1881 and 1891, and the capacity of investment in the leading sectors to generate income locally was restricted by the inability of local industry to supply capital goods and, in the case of the pastoral industry, by the primitive nature of the capital equipment required. Capital goods imports hovered around a quarter of total capital

37. Ibid., pp. 22, 196.
38. Ibid., pp. 206-7.
investment in 1881-91 and averaged over half the capital inflow during the period.\textsuperscript{40} Meanwhile, the cost of interest and dividend payments overseas had mounted in absolute terms from £5.3 million in 1881 to £12.2 million in 1891 and its share of export income from 19.3\% to 33.7\%.\textsuperscript{41} The combined burden of heavy imports and debt repayments grew heavier as the terms of trade moved against the colonies after 1882,\textsuperscript{42} and the colonies' annual balance of payments deficit consistently exceeded £15 million between 1884 and 1890.\textsuperscript{43}

By the latter 1880s the colonies' position was precarious. Under the stimulus of easy credit for land dealings, private investment had become heavily oriented towards activities which were dependent on capital gains from the continuing turnover of existing assets rather than on the real yield from those assets. Though the volume and assumed "value" of the assets controlled by the British-financed sections of the colonial bourgeoisie had increased, their capacity to realize their assets was declining. Neither public nor private investment was generating income or stimulating capital accumulation in other sectors of the colonial economy on a sufficient scale to sustain the markets for residential and pastoral property;

\textsuperscript{40} Ibid. p. 139. On the pastoral industry's inability to stimulate industrial development, see G. Linge, Industrial Awakening: a Geography of Australian Manufacturing 1788-1890, Canberra, 1979. p. 419.

\textsuperscript{41} Ibid., p. 181.

\textsuperscript{42} Ibid., p. 205. The general implications of this worldwide shift are discussed in S. Amin, Unequal Development, Hassocks, 1976. pp. 163ff.

\textsuperscript{43} See Table 2 following.
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on the contrary, exaggerated land prices had soaked up private savings to no good effect, while such surpluses as were being earned were siphoned back to Britain via imports and debt repayments. The "internal" problem of falling demand was thus closely associated with the consequences of external dependence.

Characteristically, difficulties did not emerge in all sectors of the colonial economy simultaneously during the 1880s. While the inflow of British funds continued, problems encountered in one sector simply produced a redeployment of funds to other ventures. The slowing of the pastoral land market in the New South Wales interior after 1882 gave a fillip to pastoral investment in western Queensland and to urban speculation. Similarly, the failing of the Sydney land boom after 1885 left Melbourne land developers and the Broken Hill mining companies with fewer rivals on the British money market in the following years.

But each of these episodes left lenders with a legacy of overcapitalized, illiquid accounts. Financial institutions were faced with a choice between adopting a stringent policy of recalling loans, foreclosing on the worst accounts and curtailing further advances or the softer option of continuing to finance their clients' enterprises, albeit often under closer supervision, in the hope that the market would eventually turn

44. See above p. 139.
up. Few institutions chose the first option. Whether they were inspired by a genuine belief that the market would revive, a reluctance to alienate powerful clients or a fear of creating a public panic, numerous lenders allowed good money to follow bad through the latter 1880s, maintaining their internal liquidity by continued borrowing in Britain. Similarly, colonial politicians were reluctant to risk unpopularity by curtailing public expenditure, and the Victorian and Queensland governments in particular engaged in heavy borrowing on the London market.

Borrowing by private institutions became heavier after the collapse of the Melbourne land boom in 1889. Not only did land development companies continue to solicit funds in Britain, but a number of the banks of issue became involved in providing credit to building societies which were threatened by a loss of liquidity. This mitigated the immediate effects of the land boom collapse. Building activity continued at a high level for some time, even in Melbourne, and only a handful of companies failed in the immediate aftermath of the downturn. Many of the urban land developers had a powerful incentive to stave off the liquidation or reconstruction of their companies, as they could not afford their practices to be exposed to public scrutiny. But this cynical exercise only...

50. See Cannon, Land Boom, op. cit., passim.
postponed their collapse while drawing the banks, many of which had hitherto stood more or less aloof from urban speculation, into a greater dependence on British borrowing. A point had been reached at which any weakening in the British money market was almost certain to plunge the colonies into a major financial crisis.

This last, desperate fling was nonetheless of a piece with the defensive borrowing which had taken place earlier in the decade. Reviewing this experience, it is possible to give some specificity to, and examine the limitations of, the notions that the colonies were autonomous and that they benefited from British capital exports in the 1880s. Both notions rely on Australia being viewed as an undifferentiated entity whose interests are for most purposes equated with those of the politically and economically ascendant sections of the bourgeoisie which were favoured with a degree of control over the deployment of imported funds. In practice, this "autonomy" was severely limited. It was granted only to a handful of colonists, who exercised it subject to the assent of British lenders, and depended on colonial loans' yielding a higher return than a comparable investment in Britain. The competitive environment in which investment decisions were made was also strongly influenced by the state of international markets and by the direct involvement of British-owned, or largely British-owned, companies in the colonies. There was

51. See Table 1, p. 133 above.
significant direct British involvement both in the pastoral industry and in banking, with four banks being London based and Britons holding £6.5 million worth of bank shares in 1893.52

Furthermore, in several respects the interests of the British-financed sections of the colonial bourgeoisie conflicted with those of other segments of colonial society. The problems encountered by the capital-starved agricultural and manufacturing sectors have already been discussed. But in addition, insofar as British capital was employed to support land speculation, it could only advantage some segments of colonial society at others' expense. Just as British funds had been used to thwart closer settlement and support the concentration of pastoral land ownership in the 1870s and early 1880s, the urban land speculation which they fuelled in the latter part of the 1880s ensured that, although house construction costs remained fairly constant, the market price of housing greatly increased and rents remained high in spite of the improved supply of housing.53 These developments offset some of the benefits accruing to the working class as a result of heavy British-supported construction investment, which sustained wages for unskilled workers in particular at reasonably high levels through the 1880s.54 And in the longer term

52. A.I.B.R., September 1893, p. 848.
the colonial working class was to pay a high price for even these ephemeral gains.

In summary, British investment during the 1880s facilitated the aggregation of colonial land in the hands of an increasingly dependent local elite while inhibiting the independent accumulation of capital within the colonies. The consequent imbalance in colonial development, the consistent drain of interest and dividend payments to Britain and their replacement by further borrowed funds provided the immediate setting for the crises of the early 1890s. The principal distinctions between the boom and depression phases of British penetration were, first, that powers which had previously been left in abeyance were invoked during the depression to eliminate the last vestiges of autonomy among the client colonial bourgeoisie and achieve direct British control over their accumulated assets; and, secondly, that whereas the colonies had been able to satisfy their interest commitments during the 1880s in part by further borrowing and in part by stepping up the exploitation of the land, the exactions of the following decade could only be met at the expense of the living standards of the colonists at large, and particularly of the colonial working class.

The Descent into Crisis, 1891-3.

If by 1891 the colonies were living on borrowed time, most of them at least did so with a certain panache. Indeed for much of the year it appeared that, with the exception of Victoria, the colonies had shaken off the setbacks of 1889-90
and were proceeding to a new boom.\textsuperscript{55} The New South Wales economy in particular underwent a major revival. The season was good, with a heavy wool clip, and after a period of comparative quiescence the government had embarked on an extensive public construction programme which seemed eminently justifiable as public revenue boomed, running in advance of estimates.\textsuperscript{56}

Nevertheless, the signs of impending trouble were plentiful. Victoria was floundering in the wake of the land boom collapse; yet the Victorian government seemed determined to resurrect the colony single-handed, and blithely announced a substantial public expenditure programme in spite of its having incurred a large budget deficit in 1889-90.\textsuperscript{57} On the housing front the market remained stagnant, vacancy rates had risen and speculative developers were lumbered with costly, unsaleable properties.\textsuperscript{58} Even pastoral investors, in spite of the bumper season, were eyeing with apprehension the signs of pasture deterioration in the interior and the slumping wool and store stock markets.

Furthermore, contractionary pressures were developing on the British money market. Britain's capacity for capital export declined as her economic activity underwent a downswing after 1890; but, as Boehm puts it, "this decline in ability was reinforced and fairly quickly superseded in importance by a

\textsuperscript{55} The phases of the cycle in the various colonies are summarized in Boehm, \textit{op. cit.}, p. 26.
\textsuperscript{56} Ibid., pp. 175-6.
\textsuperscript{57} Ibid., p. 168.
\textsuperscript{58} See Butlin, \textit{I.A.E.D.}, \textit{op. cit.}, pp. 424ff.
growing unwillingness to absorb the more risky overseas securities relative to domestic securities.” This shift arose from a conjunction of factors which in the first instance were only indirectly related to conditions in Australia. In particular, following the Baring crisis of November 1890, in which one of London's largest discount houses was forced into liquidation as a result of its heavy commitments to defaulting Latin American governments, "universal distrust succeeded to almost universal confidence" in London, and British investors began to probe more critically the manner in which their funds were being put to use overseas. They soon found evidence that their Australian clients had been less than judicious.

Australian governments had hitherto been inclined to dismiss British criticism of their heavy borrowing as mere carping, and the London economic journals' repeated calls for restraint had exercised little influence on the progress of colonial government issues. But in the course of 1891 it became clear that the critics' comments had begun to bite. In the first half of the year the South Australian, Victorian and Queensland governments encountered successive rejections in London, and even New South Wales, whose financial position

62. Ibid., p. 165.
was comparatively sound, was able to elicit only a lukewarm response when it placed a loan in September.\textsuperscript{63} There was intense pressure for the colonial governments to curtail their dependence on British funds, undertake retrenchments and balance their budgets to restore their overseas credit in the longer term. The task, however, was far from simple. Inescapable commitments had been entered into before the setback, and several governments lacked the funds to repay debentures when they fell due.\textsuperscript{64} Drastic cuts in current outlays were therefore necessary, and when the colonial governments abandoned their former practice of buoying up the labour market to counteract the stagnation of employment in private construction, unemployment rose rapidly. The increasing stringency of public finances contributed largely to the fact that the short-term cyclical contrasts previously evident between the eastern colonies gave way to a uniform recession by the end of 1891.

The British reverses had parallel effects on the colonial private sector. The urban land development companies which had been tiding themselves over with British funds ceased to be able to do so. On Butlin's estimate there was a net outflow of £4.38 million in British funds from these companies in 1891.\textsuperscript{65} It also proved impossible for the banks to continue their credit to the troubled building societies; though the revulsion in the British market had not yet directly

\begin{footnotesize}
\textsuperscript{63} Ibid., p. 177.
\textsuperscript{64} Ibid., p. 179.
\textsuperscript{65} See Table 1, p. 133 above.
\end{footnotesize}
affected the banks' own raisings, their capacity to provide credit suffered as a result of colonial government withdrawals and the indirect effects of export receipts' being used to meet overseas commitments. The shaky edifice of residential finance crumbled almost instantly. In late July and early August 1891 three land "banks" and a number of other companies failed; each month thereafter brought further suspensions until March 1892, by which time twenty Sydney and twenty-one Melbourne companies had folded, tying up millions of pounds in local and British deposits. The climax of the crash was reached on 5 March 1892 when the Mercantile Bank, a bank of note-issue associated with the Davies group of land companies, suspended after the Associated Banks had rejected its request that they support it against the effects of a continuing drain of depositors' funds.

The revelations which followed the closures did nothing for public confidence in the colonies' political and business leaders. Successive liquidation hearings exposed a seemingly endless catalogue of malpractices on the part of prominent individuals, among whom were numbered several former Ministers and other politicians. The Victorian political establishment made matters worse by closing ranks behind the miscreants; an Act was hastily passed to limit creditors' powers to have companies and building societies wound up, and

67. Ibid., pp. 262-3; Butlin, I.A.E.D., op. cit., p. 429.
the government later attempted to block the prosecution of Sir Matthew Davies, the Speaker of the Legislative Assembly, against whom the most damning allegations had been made. 69

The fact that many of the failed institutions had resorted to deceit and concealment to maintain a facade of prosperity right up to the day of their suspension was also profoundly disquieting. Fearful of being trapped by an unheralded suspension, the colonists began to display a marked reluctance to entrust their savings to financial institutions. Even after the first wave of suspensions had come to an end, popular suspicion was periodically fanned into full-blown panic by rumours of impending failures; deposits were converted into coin and hoarded, or shifted into the banks from the remaining building societies, precipitating further suspensions among the latter. 70 And towards the end of 1892 the movement began to spread to the weaker remaining banks of issue.

Superficially it appeared that the colonies had made substantial progress in adjusting to the exigencies of their changed situation during 1892. The liquidity of the banks had improved, reflecting their gains from the transfer of funds out of building societies; furthermore, rumours to the contrary notwithstanding, the banks' British deposits were holding or even advancing slightly. 71 The colonies' balance of payments position was also improving as import levels were slashed. But

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if financial commentators had reason to be pleased with the colonies' performance, the colonists themselves did not. Wages had fallen sharply in both real and money terms; unemployment had risen with the collapse of labour demand in construction and allied fields; the building society failures had left depositors' funds locked up and exposed mortgaged home-buyers to the threat of dispossession; and, owing to the inadequate diversification of the colonial economy, the reduction in imports had only been achieved at the cost of a marked fall in consumption levels.72

Hopes that the colonies were on the way to greater stability evaporated early in 1893. The Federal and Commercial Banks had both been closely associated with building societies, and doubts as to their security had led to a drain of colonial deposits in late 1892 which intensified in the new year. The Federal, the newest and smallest of the Victorian Associated Banks, suspended in late January; the Commercial, a far larger bank and the leading holder of British funds, held out until 4 April, when it finally succumbed to the combined pressure of the run in the colonies and a threatened loss of British deposits.73

In both cases the Associated Banks were approached for assistance, but in neither was it forthcoming. The Federal's position was extremely unsound, as later liquidation

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72. Boehm, ibid., p. 190.
73. Ibid., pp. 285ff.
hearings revealed, and none of the other banks was willing to take over its portfolio of dubious securities.\textsuperscript{74} The Commercial Bank's position, however, was rather less clear-cut. The remaining banks' refusal to come up with an offer acceptable to the Commercial, in spite of strong pressure from the Victorian government, owed much to their desire to eliminate a formerly aggressive competitor from the field. This led the London \textit{Financial Times} to comment:

"We are at a loss to understand the policy of the Victorian Associated Banks, but it seems to us to lie between the two alternatives of absolute idiocy and criminal selfishness."\textsuperscript{75}

The closure of the Commercial proved a shattering blow to popular confidence in the banking system. A "nameless dread of insecurity" seized the colonies.\textsuperscript{76} One after another the remaining banks were caught up in runs, as individual depositors, companies and even municipal governments juggled their accounts from one institution to another in the hope of minimizing risk.\textsuperscript{77} British depositors too, though handicapped by the fact that their deposits were mostly placed for fixed terms, began to withdraw a substantial volume of funds.\textsuperscript{78} Suspensions followed in quick succession. By late May all but six of the nineteen banks operating in the mainland colonies had closed their doors as a prelude to reconstruction.

\begin{itemize}
\item \textsuperscript{74} Ibid., pp. 287-9.
\item \textsuperscript{75} \textit{Financial Times}, 13 April 1893, quoted by Gollan, \textit{op. cit.}, p. 35. See also Boehm, \textit{ibid.}, p. 197-8.
\item \textsuperscript{76} A.I.B.R., April 1893, p. 221.
\item \textsuperscript{77} See e.g. Bailey, \textit{op. cit.}, pp. 142-3; \textit{Town and Country Journal}, 27 May 1893.
\item \textsuperscript{78} See Table 1. p. 133 above.
\end{itemize}
The crashes were a "searing experience" for many colonists. Small depositors who had been caught off their guard by the speed of the collapse were exposed to much hardship. Though the reconstruction schemes adopted by the banks locked up depositors' funds for several years, depositors had little option but to accept the terms offered; liquidation was out of the question given the depressed state of the property market. The New South Wales government passed palliative legislation to permit depositors to receive Treasury funds up to half the balance of their current accounts, but this did little to counter the besetting economic paralysis. The money supply had been cut in half, trade was at a standstill and wages and employment had undergone a further decline. For two years thereafter, the colonies were to plumb the depths of depression.

The Squatters' Response

Seldom was the squatters' disdain for their fellow-colonists made so brutally apparent as in the pastoral interest's initial reaction to the banking crisis. The Pastoralists' Review had little doubt that the crashes had arisen solely from the self-indulgence of the urban population, and of the working class in particular. Editorially it greeted the crisis with gleeful smugness, commenting:

"The town populations of Australia have been spoiled children. They have now met with the usual fate of

79. Gollan, op. cit., p. 27.
80. Ibid., pp. 32-3.
spoiled children and must come down to the realities of this work-a-day world."

In the Review's eye the crashes were a timely reminder of the importance of the pastoral industry, which alone could pull the colonies out of their difficulties. Of course, sacrifices would have to be made; it would be necessary to reduce wages and put labour back on the land. But these adjustments would follow automatically when the colonists were forced to recognize that the urban prosperity of the 1880s had been chimerical and that wool-growing would always remain the backbone of Australian economic growth. Furthermore, with the deflation of urban speculation, loan funds would be more freely available to squatting enterprises.

Even the far more moderate Town and Country Journal, though sympathetic to the plight of the smallholders and townspeople who had been caught by the crashes, was initially opposed to the suggestion that the government should intervene to alleviate hardship and felt that the pastoral industry would be able to lead the colonies to recovery. In a similar vein E.M. Young of the A.M.L.F. privately commented, in a letter to his station manager:

"There is one feature of the question that is more cheering - the failure of so many banks, the closing of so many branch banks all over the country, and the crippled condition of any banks that survive will tend to reduce

81. A.P.R., May 1893, p. 121.
82. Ibid., May 1893, p. 106.
83. Ibid., May 1893, p. 97.
the speculative selection, and the Government wanting money so badly other means may open for the acquisition of what land we may feel disposed to buy". 85

To summarize, assuming that the pastoral interest could keep its own house in order, it stood to gain from depression elsewhere in five main ways. Labour costs would fall with the decline of public construction and residential investment. Funds would flow into the pastoral industry and capital values appreciate as alternative investment avenues were discredited. Disruption of the local money supply would offer the squatters, with their guaranteed access to income from overseas, numerous opportunities to acquire property cheaply. Competition from selectors and middling graziers would be reduced; in this respect the pastoral interest was especially heartened by the early failure of the Commercial and Joint Stock banks, both of which had prided themselves on having diversified extensively into lending to smaller landowners. 86

Finally, the squatters' political bargaining

85. This comment and the activities which inspired it were eventually to have rather unpleasant consequences for Young. In 1896 he and several others were accused of dummying on the resumed area of Mercadool holding, and the letter in which this comment was made was produced in evidence at the Land Board hearing. The comment did little to enhance Young's public image or the Land Board's disposition towards him. The members of the Land Board stated that they could not too strongly express their detestation of Young's and his associates' conduct, and found against them; this judgement was upheld by the Privy Council after appeals lasting for five years. Young and others were also charged with conspiracy at one point; however, Young died early in 1897 and there was no further mention of the conspiracy charges. (A.I.B.R., July 1896, p. 494; March 1901, p. 193, May 1901, p. 348; A.P.R., May 1897, p. 138).

86. A.I.B.R., April 1893, p. 239; Federal Standard, 29 April 1893.
power would be enhanced by a heightened public awareness of the pivotal role played by pastoral export earnings in maintaining the balance of payments and restoring the colonies' overseas credit-worthiness.

However, it was to become clear that these hopes rested on a serious misreading of the pastoral industry's internal strength, of the extent to which it could count on continuing British support, and of the resilience of the forces opposing pastoral hegemony. Though at the time of the financial crisis pastoralism was undergoing an upturn, the industry's structural problems remained unresolved. The decline in wool prices had been arrested and, as always, the squatting interest eagerly hailed this as signalling that wool had finally turned the corner; but the downswing resumed soon afterwards and continued until 1895. Contrary to the impression created by the advocates of the frozen meat trade, the pastoral industry had not yet developed profitable means of disposing of its surplus stock. Finally, though in mid-1893 the squatters were caught up in the flush of optimism which customarily accompanied general rain, the seasons they would face in the latter part of the decade were so harsh as to necessitate a drastic reassessment of prevailing notions of climatic normality.

87. Town and Country Journal, 6 May 1893.
88. See Table 1 above, p. 133.
89. See below pp. 177-8.
The Pastoralists' Review's hopes that the squatters' status as privileged borrowers would be unaffected by the crisis also proved to be a pipe-dream. Indeed, it is difficult to see how such hopes could have been entertained at all. The minor shake-downs which had occurred in the pastoral finance companies before 1893 were far from sufficient to place pastoral lending on a secure basis, and there were few indications that British lenders' confidence in pastoral lending was on the upturn.

The pastoral finance companies' position was not materially different from that of the banks and urban land development companies. They had borrowed short-term funds in Britain for long-term loans in the colonies, relying on a revival in the land market to restore the liquidity of their colonial advances. Not only had this failed to eventuate but a major supplementary source of liquid funds had been eroded by the downturn in the market for store stock in 1891. This produced cash flow problems in several companies during 1891 and 1892. Goldsborough Mort and N.Z.L.M.A., both heavily dependent on short-term British finance, began to watch the British money market with considerable trepidation and U.M.A. barely escaped a major crisis in 1891 when, having appropriated stock to the value of £32,000 to pay its dividend, it had difficulty selling them in time. Some of the

91. Australian Estates papers, 165/135, Ash to Drysdale, 7 November 1891.
smaller companies were unable to conceal the deterioration of their position. Losses incurred by the Queensland Investment and Land Mortgage Company as a result of directors' doing business for the benefit of other companies with which they were associated were revealed when the company's shareholders, their suspicions aroused by poor returns and the arbitrary writing-up of property values, moved to sack the Brisbane board at the end of 1890.92 The South Australian Land Mortgage and Agency Company also encountered problems. Though in mid-1891 it was clear that the company, pressed for cash, would not be able to realize its stations without loss, a full-scale writing-down of property values was deferred until the following year; by that stage capital losses of £230,000 had wiped out the company's reserve and necessitated a series of calls on shareholders' funds.93

For the most part the major companies attempted to keep up a brave face, but their public statements were increasingly at odds with their performance. U.M.A., A.M.A., A.M.L.F. and Goldsbrough Mort all reduced their dividends in 1892 or 1893,94 while N.Z.L.M.A. paid its dividend for 1892 out of imaginary profits after a year marked by restiveness among shareholders and heavy trading in shares at little more

92. A.I.B.R., January 1891, p. 31; November 1891, p. 833. For comments on the company's affairs, see Mort and Co. papers, 13/5/3.
93. Ibid., June 1891, p. 425; July 1891, p. 510; July 1892, p. 503.
94. Ibid., January 1892, p. 28; January 1893 p. 80; May 1893, p. 313; June 1893, p. 597.
than the value of the paid-up capital. The companies' record offered little to convince British lenders to keep up the supply of funds. Lenders' suspicions were probably reinforced by the frankly pessimistic assessments of the pastoral position emanating both from the financial press and from institutions such as the Bank of Australasia, which as early as 1891 openly canvassed the likelihood of a shrinkage in pastoral values.

As British investors became more wary, the influx of new capital which had marked the 1880s came to a halt. British funds drained out of the finance companies between 1890 and 1894, the trend being interrupted only by a miniscule net inflow in 1891. Those companies which were most dependent on short-term debentures - Goldsbrough Mort, A.M.A. and N.Z.L.M.A. - faced additional liquidity problems. By early 1893 crisis management was the order of the day. When the bank crashes came, the stronger finance houses were able to keep their doors open, albeit with some difficulty; A.M.L.F., for example, was caught with £80,000 in the C.B.C. Bank at the time of its closure but was able to secure a large gold shipment from London. Goldsbrough Mort, by contrast, was severely affected by the widening public panic. The company had not adequately covered itself against heavy withdrawals of its

95. Ibid., April 1892, p. 258; June 1894, p. 383.
96. Ibid., May 1891, pp. 331-2.
97. See Table 1 p. 133 above.
98. On the companies' respective positions, see A.I.B.R., June 1892, pp. 418-9.
short-term colonial deposits. As a result of pressure for funds from clients whose bank accounts were locked up, coupled with a run on its Sydney and Melbourne offices, the company lost £202,000 in deposits in less than three months and found itself unable to repay maturing debentures; on 26 June, after an acrimonious exchange between colonial and London management, it finally closed its doors. N.Z.L.M.A. followed suit on 11 July, as it too was unable to meet impending debenture withdrawals.

The increasing stringency of company finances was accompanied by a growing reluctance among British investors to act as mere rubber-stamps for decisions made by company management, and especially colonial management. The pastoral finance houses became the scene of a series of internecine struggles from which, without exception, colonial management emerged second-best. Though the clashes varied in timing and intensity, each marked a step towards direct metropolitan control over colonial pastoral production and closer scrutiny of pastoral lending practice.

Several companies had moved to put their business on a sounder footing before the general downswing in British capital exports took place. In 1888 Dalgety's London accounts committee resolved that a considerable number of properties should be sold up, and in the following year N.Z.L.M.A.

foreclosed on several properties. The long-awaited overhaul of A.M.L.F. accounts finally took place in 1890-91 when E.M. Young came to the colonies to inspect the company's position and set in train the foreclosure of six major accounts. During 1890-91 the U.M.A.'s London board also set out to check the acquisition of new accounts and remove the business of Turner, the chairman of the Melbourne board.

At Goldsborough Mort the forced resignation of the general manager, F.E. Stewart, in 1891 paved the way for a curtailment of new lending.

The companies also attempted to reform their borrowing policies, mainly by reducing the volume of their British raisings and shifting their emphasis from terminable to perpetual debentures. However, they were unable to accomplish this change in time to avoid the effects of the outflow of British funds. It also proved more difficult to curtail colonial lending than had at first been anticipated. Although the overall volume of the finance companies' mortgage advances stagnated after 1889 and fell absolutely in 1891, there was little scope for action in the colonies to improve the companies' liquidity. Overcommitted squatters were in no position to repay loans, properties could not be sold, and in many cases the companies were being consistently required to

103. Bailey, op. cit., p. 137.
104. Australian Estates papers, 165/135, Wigram to Forrest, 19 June 1890; Wigram to Armytage, 26 March 1891.
106. See e.g. A.I.B.R., September 1892, p. 645.
cover deficiencies on station operations to keep the holdings going. Indeed, the falling-off in advances in 1891 was somewhat deceptive, as most of the decrease was due to the foreclosures and writing-down being undertaken by the troubled Queensland and South Australian companies; of the other companies, six had a slight increase in mortgage advances and only two showed a decrease. The companies' position deteriorated with the disruption of financial affairs in 1892-3, and all felt the effects of the widening gap between their advances and their permanent capital.

Pressure for the centralization of control continued throughout the decade. There were further foreclosures, and even on stations which nominally remained in the squatters' possession company control over expenditure and management became tighter. Company staff were retrenched and salaries cut. In several companies relations between British and Australian shareholders became extremely strained, with the colonists often feeling that their judgement was being overridden by men who knew nothing about pastoralism and British directors becoming aggrieved that, as one put it, "in Melbourne you seem to have acted as if the only duty of the London Board was to supply fresh Capital when you asked for

108. On which see A.I.B.R., July 1893, p. 663.
109. See pp. 196-7 below; also Cain, "Companies and Squatting", op. cit., pp. 451ff.
110. See e.g. Bailey, op. cit., p. 158.
111. See e.g. A.M.A. report in A.I.B.R., October 1900, p. 780.
it". Several companies found it necessary to make calls on their shareholders at various stages during the decade, and these too proved to be a source of friction, as in most cases colonial shareholders responded far less readily than did the British; the fact that some colonists had been bankrupted by the calls did nothing to soften the British investors' resentment.

Tension also arose between some companies' old London management and the increasingly vocal British debenture- and shareholders, especially where the companies' inability to repay maturing debentures had necessitated the conversion of short-term debentures to permanent share capital. N.Z.L.M.A.'s London board was ousted after the revelations which followed the company's suspension. Goldsbrough Mort's initial reconstruction scheme was rejected by the company's British creditors, who used the threat of liquidation to force through a new scheme which Australian shareholders found distinctly unpalatable. And in 1893 a group of London stockbrokers, complaining that the U.M.A.'s policies were being dictated by the ordinary shareholders, insisted that they be given a place

113. See e.g. A.I.B.R., July 1895, p. 434; October 1899, p. 718; December 1899 p. 850; October 1901, p. 810, January 1902 p. 22.
114. See above pp.
on the London board; their nominee, Stanley Gray, subsequently became chairman of the board and implemented sweeping economy measures in the company's colonial office, cutting salaries severely and dismissing the general manager, who had been involved with the company since its inception.116

But not even the most rigorous economies could restore the companies' profits to pre-depression levels in the face of the problems confronting the pastoral industry. Even before wool had finally bottomed on the international market, the run of good seasons which had buoyed up flock expansion in the 1880s and early 1890s came to an abrupt end. From 1895 to 1902 the interior was more or less consistently drought-stricken, and the companies were dragged down by the weight of their disproportionately heavy commitment to stations on the semi-arid margins of the industry.

The western districts of New South Wales alone probably accounted for about a third of the six major companies' total investment. By 1890 A.M.L.F., in spite of its comparative reticence after 1885, had £1.8 million, or 54% of its total volume of advances, secured on Western Division property.117 In the same year 33% of U.M.A.'s advances were in western New South Wales,118 and Goldsbrough Mort's 1893 accounts showed £1.2 million, 36% of the total, in the Western Division.119

116. See Australian Estates papers, 165/135.
117. Bailey, op. cit., p. 86.
A.M.A.'s advances showed a similar distribution. The spread of Dalgety and N.Z.L.M.A.'s advances cannot be definitely ascertained, but Cain estimates that Dalgety had at least a quarter of its funds in the region, and in N.Z.L.M.A.'s case western New South Wales stations accounted for practically all of the company's extensive losses on its Australian operations. Several smaller firms were similarly affected. The Agency, Land and Finance Co.'s western New South Wales lending was probably responsible for the difficulties which forced the company into liquidation in 1902, and the woolbroking firms of Hill, Clark and Co. and Pitt, Son and Badgery were both severely affected by the consequences of some rather injudicious lending to western homestead lessees and medium-sized graziers. The larger companies' problems were compounded by the fact that most of them had large volumes of advances secured in other parts of the interior. Much of the balance of U.M.A.'s capital was invested in highly speculative Queensland ventures, Dalgety incurred heavy losses in Western Australia, and Goldsbrough Mort was involved in a debacle in the Northern Territory. As drought losses mounted and wool

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120. In 1900, the only year for which figures are available, a little less than a third of the company's advances were on western districts stations (R.C.W.D. Minutes, evidence of L. Kiddle, p. 264).
122. Ibid., p. 198.
124. On Hill, Clark and Co. see R.C.W.D. Minutes, evidence of P. Close, pp. 194ff; on Pitt Son and Badgery see A.I.B.R., September 1899, p. 629; Pitt Son and Badgery Papers, 10/2/1-17 passim.
production fell, the companies' income from woolbroking and consignment also diminished.\textsuperscript{126} By the time the drought reached its climax in 1902, Dalgety alone was still paying a dividend to shareholders and most of the other companies were showing a net loss on their operations.\textsuperscript{127}

The continuing losses on outback stations placed the companies in a dilemma. Though strict control of station expenditures obviously had to be enforced, wholesale foreclosures would jeopardize their wool consignment business and their reputations as lenders in the longer term, especially where the accounts of long-standing and powerful clients were involved. The companies' responses to this situation varied. U.M.A. opted to acknowledge the shift in the emphasis of its business by floating a second company, the Australian Estates and Mortgage Co (A.E.M.) to take up the management of the stations of which the company had possession. But if the U.M.A. board had hoped that this would permit the company to dissociate itself from responsibility for the rather ruthless foreclosures which followed, it was mistaken; by the early years of the twentieth century the company's wool business had been eclipsed, and it survived principally as a property management concern.\textsuperscript{128} A.M.L.F., too, was eventually brought to realize that the nature of its business had changed and that it must look to property management as its principal source of income.\textsuperscript{129}

\textsuperscript{127} See \textit{A.I.B.R.}, March 1904, pp. 176, 203.
\textsuperscript{128} \textit{Ibid.}, October 1899, p. 708.
\textsuperscript{129} Bailey, \textit{op. cit.}, p. 157.
Even Goldsbrough Mort, which had at first been extremely reluctant to engage in outright foreclosure, began to oust clients more readily in the late 1890s. \(^{130}\) N.Z.L.M.A. also engaged in extensive foreclosures but was unwilling to keep up the management of the stations and adopted a realization policy, in spite of the heavy losses this entailed, for most of the latter 1890s. \(^{131}\) At the other end of the scale, Dalgety was able to leave most of its outback clients in possession and concentrate on developing other aspects of its business. \(^{132}\)

Nevertheless, those companies which could afford to tread cautiously usually did so. Even where foreclosures were deemed necessary, most companies went to some lengths to accommodate their former clients, often by offering them employment elsewhere and absolving them of responsibility for future loss. \(^{133}\) These policies appear to have been dictated partly by the need to protect the companies' other business interests and partly by wider political considerations.

The maintenance of the political alliance between the pastoral finance companies and the squatters was important to both parties, if only for bread-and-butter reasons. The depression had not, as the Pastoralists' Review initially hoped, convinced the colonial population at large that the squatting interest was indispensable. On the contrary, the 1890s had


\(^{131}\) See R.C.W.D. Minutes, evidence of D. Elder, pp. 266-7.

\(^{132}\) Ibid., evidence of J. Aitken, pp. 282-6.

\(^{133}\) See pp. 214-5 below.
seen a political and economic marginalisation of the large landowning class. At the same time the financiers, especially those of a definitely British complexion, had met with virulent hostility from the exponents of populist nationalism among the smallholders and within the labour movement.  

As employers and landowners the pastoral finance companies and squatters faced common enemies. Their efforts to reduce their losses by intensifying their exploitation of labour were hampered in the first instance by the rise of the pastoral unions and in the second by the legislative regulation of working conditions and bargaining procedures which followed the emergence of the parliamentary labour movement. The owners of freehold estates were threatened by the introduction of land taxation, while those who were dependent on leasehold tenure feared that their holdings would be thrown open to closer settlement before they had time to recoup the losses they had made during the depression. The finance companies were exposed to the additional danger that popular antipathy towards bankers and foreign capitalists would result in special arrangements being made for foreclosed holdings when the existing leases expired; to avert any such moves it was essential that the displaced squatters not be so embittered as to engage in public attacks on their erstwhile creditors.

135. See Chapter 7 below; see also A.P.R., November 1896, p. 442; February 1902, p. 801.
136. Ibid., April 1895, p. 93; June 1895, pp. 217-8, 221; November 1896, p. 443.
137. Ibid., March 1897, pp. 2-3; July 1889, p. 278; A.I.B.R., June 1899, pp. 385, 386.
The squatters for their part were still bound by numerous obligations to their financiers, and could ill afford to join the chorus of criticism of foreign capital. In any event, they had few enough allies elsewhere. During the boom years the pastoral plutocracy had not scrupled to make enemies in the course of defending and enlarging its share of the colonies' landed resources. But by the late 1890s, having lost much of their wealth and lacking the unhesitating support once provided by British capital, the squatters were left with little more to do than affect contempt for the "make-believe fights" of parliamentary politics and hope to break out of their political isolation by achieving a rapprochement with urban employers or even perhaps the smallholder lobby which they had so long despised. This reversal of the squatters' fortunes owed much to the failure of their ill-advised ventures in the semi-arid interior.

138. A.P.R., December 1901, p. 687; see also April 1898, p. 81, March 1902, p. 63, April 1902, p. 68, December 1902, p. 698.
CHAPTER 6

The Western Districts in Depression 1891-1902

The crises of the early 1890s and the recurring droughts of 1895 to 1902 had devastating consequences for the western districts of New South Wales. The superficial prosperity generated in the 1880s by capital imports and the expansion of pastoral and mining output vanished as prices for the region's few products tumbled and finance houses called a halt to pastoral lending. Stagnation then gave way to decline with the onset of drought in 1895. In the course of this decline the region sustained substantial economic losses which wiped out much of the capital invested during the preceding decade; the western flock was drastically reduced and the settlers' frantic attempts to stave off stock losses succeeded only in accelerating the degradation of the rangelands. The western population's standard of living was depressed as wages fell, unemployment increased, the range of goods and services available narrowed and drought exacerbated the discomforts and occasional dangers of outback life. The period as a whole was marked by a polarization of economic power; as the squatters were ousted and smallholders and petty entrepreneurs alike were thrown back on the labour market, control over the resources of the plains was increasingly vested in the hands of British and colonial financiers, and it was they who eventually reaped the rewards of recovery.
Creating a Desert: Western Pastoralism and the Environment 1891-1902

"The essential features of white pastoral settlement - a stable home, a circumscribed area of land, and a flock or herd maintained on this land year-in and year-out - are a heritage of life in the reliable kindly climate of Europe. In the drought-risky semi-desert Australian inland they tend to make settlement self-destructive."¹

The self-destructive tendencies of white pastoral settlement have seldom been made as starkly evident as they were in the New South Wales outback during the depression. But the havoc created in these years was not merely a product of the ill-judged application of "European" models of settlement to the interior; it was more particularly a product of the unremitting application of capitalist property relations to the region, the reckless pace at which it was incorporated into the imperial economy and the disproportionately high levels of capitalization permitted by heavy British investment during the preceding decade. The inflation of land purchase costs and rents, the free availability of mortgage finance and the defensive development of the period from 1885 to 1890 had combined to provide a situation in which the western lands were required to produce an income sufficient to satisfy the squatter's own requirements and at the same time pay a double rent, to the Crown for legal title and the financier for his contribution to the costs of purchase and development.² A high and constant return was thus being demanded from a natural

environment characterized by abrupt and violent fluctuations in pasture availability. This could only be a recipe for disaster.

Butlin has described pastoral investment as "the vehicle of human control of nature in the spread of settlement into the interior." It was also, in a sense which was painfully evident to the outback squatters of the 1890s, a process which delivered up a portion of humanity to the caprices of an environment which was ultimately far beyond their control. Some of the difficulties western pastoralism encountered could be attributed to simple ignorance. The squatters had been wildly inaccurate in their assessments of the western land's potential and of the measures required to exploit it with minimal damage; they had not predicted some of the negative side-effects which their intervention produced; and in their haste to develop their holdings they had often overlooked measures which were essential to mitigate the effects of drought. But the fundamental problem was a financial one: by the time the deficiencies of their earlier strategies became apparent, the squatters had so far over-committed themselves that to sacrifice income in the short term for the sake of conserving pastures would have spelt dispossess. Even the finance houses, themselves increasingly straitened for funds, gave managers little room to manoeuvre on many of the holdings they had taken over. A handful of the wealthiest squatters had been able to afford the luxury of

cautious stocking during the 1880s and reaped the benefits in the 1890s. Thus Samuel McCaughey insisted on conserving the saltbush on his Warrego stations,\(^4\) and Tyson's Tupra station was described at the turn of the century, with unconscious irony, as being in better condition than the rest of the Hay district because it had not been "improved"\(^5\). But in the early 1890s, in spite of numerous warnings that the land was becoming "sheep-sick" as the wool industry reached the limits of natural pasture availability, few squatters were willing to admit that the gains from watering and ringbarking were at an end.\(^6\)

Nor was there much scope for developing ways of profitably disposing of large numbers of surplus stock. The market for store stock had collapsed during 1891 and a dry season in the first half of 1892 sent prices to rock-bottom; grown sheep were reportedly being sold for two shillings and less when they could be moved to market.\(^7\) Still more worrying was the fact that the travelling stock routes were barren across large areas of the interior, and managers who had held off moving their sheep in the hope of rain found their flocks trapped and dying in heaps on the stations.\(^8\) The losses of 1892 justified the critics' worst fears; Fetherstonhaugh commented acidly that "sheep (had) been dying merely through

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6. A.P.R., January 1892, pp. 421, 422.
7. Ibid., March 1892, p. 517; August 1892, p. 802.
8. Ibid., August 1892, p. 782.
overstocking in a season when, under wiser management, the surplus would have been fit for export". Boiling down was reinstituted in many inland towns, and added impetus was given to the promotion of the frozen meat export trade. After the initial collapse in the market for stock a number of wealthy squatters and finance company representatives, prominent among them John Cooke of the A.M.L.F., had urged the development of a frozen meat industry as a means of disposing of surplus stock, and during the early 1890s they raised capital to float several freezing and tinning works. But the frozen meat trade was beset by problems throughout the decade. Some later commentators have been over-generous in their assessment of the industry's significance in the 1890s, projecting awareness of its eventual success back into the period of its initial development. The Australian flock had not generally been bred for meat, and the condition of the sheep was often poor. British consumers showed a clear preference for New Zealand and Argentinian meat over the Australian product, which was regarded as being fit only for working-class consumption. The initial influx of Australian mutton glutted the British market for several years, and

9. Ibid., September 1892, p. 821.
10. See N.S.W. Statistical Register, 1896, p. 497.
11. Companies and factory locations are given in A.P.R., supplement, November 1895.
for some time meat exports were scarcely covering costs.\textsuperscript{15} The market began to revive around 1900, partly because of the demand for meat for the troops in South Africa,\textsuperscript{16} but by that time supplies of suitable animals were running short in New South Wales. Several freezing companies were only able to operate intermittently in the latter 1890s because of recurrent shortages of animals, and a number liquidated or were taken over when they found themselves unable to pay off their initial investment in capital equipment from a diminished volume of business.\textsuperscript{17} Boiling down remained the main way of disposing of surplus stock. Between 1892 and 1900 inclusive, New South Wales produced nearly six million hundredweight of tallow, over two million in 1894-5 alone.\textsuperscript{18} For a time boiling down was yielding a higher return to the grower than meat exports or local sales,\textsuperscript{19} but the London market collapsed in mid-decade, and thereafter returns were poor.\textsuperscript{20} Over the decade as a whole, neither frozen meat export nor boiling down yielded sufficient returns to induce outback squatters to get rid of surplus stock before large drought losses were imminent. By that stage much of the western vegetation had already been

\textsuperscript{15} In 1896 they were yielding a net return of a penny per pound (ibid., March 1896, p. 5, August 1896, p. 323).
\textsuperscript{16} Ibid., January 1900, pp. 632-3.
\textsuperscript{17} Ibid., March 1898, p. 53; May 1898, p. 159; September 1899, p. 377. The industry was largely under foreign control by World War I (see R. Duncan, "The Australian Export Trade with the United Kingdom in Refrigerated Beef, 1880-1940", Business Archives and History 2, 2, 1966. p. 112.)
\textsuperscript{18} N.S.W. Statistical Register, 1900, p. 649.
\textsuperscript{19} A.P.R., February 1893, p. 1074; July 1893, p. 203; February 1894, p. 605.
\textsuperscript{20} Ibid., June 1896, p. 180.
severely, even irrevocably, damaged.

Even before drought set in at the beginning of 1895 the western plains were deteriorating markedly. Some areas east of the Darling had been destocked after 1891 as a result of heavy rabbit infestations on the central Darling and the encroachments of inedible scrub around Cobar and along the Bogan; but in the west Darling sheep numbers continued to rise until the end of 1894. Consequently the overall stock density remained high; from 1891 to 1894 inclusive the western region as a whole was carrying approximately one sheep to six acres on average, as well as a substantial number of other livestock and an incalculable number of rabbits. This constituted gross overstocking on a massive scale. The river frontages were bare of all but ephemeral grasses, and quickly became barren in dry spells. The edible shrubs which provided a natural drought reserve were under heavy pressure wherever they were within reach of water. Poisonous plants were making an appearance in several areas. And the lack of reliable means of stock transportation was emerging as a major infrastructural deficiency across the region as a

21. Ibid., July 1892, p. 746; September 1892, pp. 802-3.
22. Figures are given in Hardy, op. cit., p. 199. See also Graph 2 above, p. 87.
23. This average stock density approaches or exceeds the maximum levels currently regarded as possible on the various plains vegetation formations (see Slatyer and Perry, ed., op. cit., pp. 77ff).
24. A.P.R., August 1892, p. 782.
25. Jeans, op. cit., p. 61 claims that saltbush had been eliminated east of the Darling by 1890.
26. A.P.R., August 1893, p. 287; December 1893, p. 386.
whole, with many of the stock routes so inadequately watered, or their pastures so badly degraded by heavy grazing pressure, that they were scarcely usable even during good seasons.\(^{27}\)

The reckoning came swiftly. 1895 was a dry year over much of the region, and the north-west was in a state of drought from February to October.\(^{28}\) By early winter large tracts of the north-west were desolate and stock and rabbits alike were dying of starvation.\(^{29}\) Several stock routes became impassable.\(^{30}\) Lambing losses were heavy on runs which had no fodder reserves,\(^{31}\) and shearing had to be abandoned in parts of the north-west after cold weather had taken a heavy toll of the newly-shorn sheep.\(^{32}\) Starving sheep were also reported to have died from the effects of eating poisonous plants, indigestible twigs and rabbit baits.\(^{33}\) Even when rain eventually came the pastures were slow to respond, and in some areas only weeds and rushes grew.\(^{34}\) In any event, they were not given much time to recover. 1895 was only the beginning of a series of dry seasons; on Foley's estimation between 1895 and 1902 inclusive the north-west experienced five years and two months of drought and the rest of the region four years and one month.\(^{35}\) With each dry period the vegetation and soils of the

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27. Ibid., March 1893, pp. 4, 44.
29. A.P.R., April 1895, p. 55; May 1895, p. 112.
30. Ibid., June 1895, p. 165.
31. Ibid., June 1895, p. 221.
32. Ibid., September 1895, pp. 376-7.
33. Ibid., May 1895, p. 150; November 1895, p. 482; December 1895, p. 510.
34. Ibid., December 1895, p. 551.
35. Foley, op. cit., p. 242-3.
region deteriorated further. By the turn of the century huge tracts of the plains would scarcely respond to rain, having been reduced to "wind-swept, barren wastes, a howling wilderness, with nothing but sand and stone". \(^{36}\)

Almost by reflex action the squatters began to cast around for scapegoats. They blamed the parlous state of the country on the Crown's rack-renting, on the rabbits, on the climate - in short, on anyone or anything but themselves. \(^{37}\) Yet in the final analysis it was the squatters' own determination to avert the threats of forfeiture and dispossession, and the financiers' less excusable desire to wring every last penny from the region, which inflicted much of the damage on the land. The Pastoralists' Review had little doubt that the region's vulnerability at the beginning of the drought was primarily the result of the squatters' tendency "to overstock shamelessly and ruthlessly, pouring out animal life like water in the struggle to 'make the place pay'." \(^{38}\) And after the droughts began most squatters showed themselves ready to subordinate all else to their desire to ensure the survival of as many sheep as possible.

By April 1895 stock in the north-west were having difficulty getting feed within reach of water. The squatters' immediate response was to bring in "scrub-cutters". \(^{39}\) Scrub-

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36. R.C.W.D. Minutes, evidence of J. Boothby, p. 278.
37. See e.g. proceedings of 1896 Rabbit Conference as reported in A.P.R. May 1896, p. 143.
39. Ibid., April 1895, p. 57.
cutting widened the range of feed available for the sheep, partly by allowing back-country shrubs to be brought within grazing range of water and partly by bringing the foliage of trees and taller shrubs down to ground level where the sheep could reach it. The hazards of denuding the countryside in this manner were well-known; the Pastoralists' Review deplored it as a "wasteful and mischievous" practice, and one squatter went so far as to suggest to the 1901 Royal Commission that it be outlawed. Nevertheless, the practice was eschewed only by the most cautious managers. In the winter of 1896 it was observed that scrub-cutting had become "a permanent institution" in the north-west, where it had not been halted after the breaking of the 1895 drought, and when drought returned scrub-cutting reached a new intensity. Mulga was cut throughout the acacia shrublands, and in the woodlands and on the saltbush plains myall, kurrajong and other edible trees were lopped or, in many cases, simply chopped down to keep the flocks alive. Tales were told of squatters sending axemen in to denude blocks within a few months. On many holdings scrub-cutting was only discontinued when all the accessible shrubs and trees had been cut out; this was equally common practice on individually-owned and company-held stations.

Scrub-cutting did not only have an adverse effect on the

40. Ibid., May 1897, p. 148.
42. A.P.R., June 1896, p. 211.
43. Ibid., August 1902, p. 586.
45. See R.C.W.D. Summary, pp. 11, 116-20.
species which were cut; by artificially maintaining sheep on land which was bare of low shrubs and grasses it contributed to the breakup of the soil and ensured that new pasture growths after rain were immediately subject to heavy grazing pressures which eliminated the more palatable grass species.46

The exploitation of the region was intensified in several other ways. Along the eastern edge agriculture became more widespread as squatters became disillusioned with wool-growing and let their land out for share-farming.47 Small-holders also persevered with the attempt to grow crops in the western Riverina, on the lower Lachlan and along the Bogan; indeed in some cases agriculturalists seem to have operated on the "double-or-nothing" principle, increasing the acreage sown in an attempt to recoup their losses from earlier crop failures.48 The dry cultivation techniques used exposed the soil to wind-blowing when the crops did not germinate or were turned over to stock.49 The practice of cutting natural pastures for "bush hay" also became more common.50 In the north-west and along the rivers squatters experimented with growing fodder under irrigation, using river-water and bore-water. The results were decidedly mixed; while some squatters

46. A.P.R., November 1896, p. 469; October 1897, p. 389; Riverine Grazier, 27 July 1897.
47. Robinson, op. cit., pp. 8, 129-30, 146-7; see also Riverine Grazier, 19 February 1897.
48. See e.g. Riverine Grazier, 14 June 1898.
50. A.P.R., March 1896, p. 2.
were able to grow fodder at a comparatively low cost,⁵¹ yields were often poor in hot, dry seasons and prolonged irrigation with artesian water could destroy soil fertility if the mineral content of the water was high.⁵² In spite of initial successes in cultivating native fodder plants, especially saltbush, this practice hardly proceeded beyond the experimental stage; by the early years of the twentieth century Australia had exported twenty thousand pounds of saltbush seed to the west coast of the United States,⁵³ but at home saltbush destruction had proceeded so far that it was feared that seed would have to be imported from the American plantations if the species were to be reestablished in their native habitat.⁵⁴

During the drought years the battle to counteract the encroachments of other species on the sheep's fodder supply continued. Much effort was invested in clearing inedible scrub from the Bogan, Cobar and Lachlan districts. The spread of pine, box and coolibah scrub in these areas had accelerated principally because the reduced frequency of bushfires had left undergrowth to multiply without check.⁵⁵ Squatters, smallholders and government alike mounted sustained clearing

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⁵³. A.P.R., January 1902, p. 737.
⁵⁵. Various comments on this are given in R.C.W.D. Summary, pp. 28-9.
programmes, concentrating on the north-western rivers where much of the best land along the flood plains was disappearing under a mass of saplings.\(^56\) In the Cobar back-blocks some clearing was also performed by the squatters on their leasehold areas,\(^57\) but scrubby resumed areas were often abandoned; as a result over two million acres of land lay unoccupied in the district at the turn of the century.\(^58\) Towards the end of the drought there were signs that the settlers' belief that trees were merely a hindrance was in the process of changing, and it was even suggested that pine scrub be conserved.\(^59\) But by then an area probably amounting to several million acres had already been stripped of cover.\(^60\)

Rabbit destruction also continued, much assisted by the dry seasons. In the early stages of the drought rabbits died in huge numbers, and for several years poisoned water and baits proved effective in keeping the population to a minimum; in the process the settlers were of course continuing their elimination of the rabbits' natural predators and ensuring that the rabbits would be able to multiply rapidly when good seasons returned. The poisoning of insect-eating birds was also held responsible for some of the local insect plagues which occurred during the droughty years.\(^61\) Fortunately, the use of poison

\(^{56}\) See e.g. evidence of D. Hatten, R.C.W.D. Minutes, pp. 6-7.
\(^{57}\) See Australian Estates papers, 5/10, 5/13, 5/16.
\(^{59}\) Ibid., evidence of G. Frew, p. 74; R. Hay, pp. 200-3; F. Turner, p. 311.
\(^{60}\) Ibid., evidence of (inter alia) R. Peacock, p. 206; H. Freeman, pp. 339, 342.
had to be discontinued in some areas where feed was so scarce that sheep ate the baits; it is noteworthy that after one such episode in the central west the goanna population increased sufficiently to check the revival of the rabbit population in the interval between two droughts. Nonetheless evidence to the Royal Commission and the numerous warning notices published in western newspapers indicate that the practice remained general. Poisoning was given added impetus in the latter years of the drought when wild dogs, many of them escapees from rabbiting packs, began to prey upon the flocks. The squatters displayed a stubborn determination to counter the adverse consequences of their past interventionism with further interventions which were no better-advised.

By late 1898 and early 1899, however, it was clear that the western environment was proving intractable. The effects of scrub-cutting, ringbarking and heavy grazing were compounded by the deforestation effected by wood-cutters supplying fuel for the towns and mines and timber for construction purposes. By 1901 there was little pine left west of Cobar or on the west Darling, and the price of timber was rising rapidly; around Broken Hill especially, every stick of timber had been cut out. And as ground cover was reduced the topsoil of the western districts began to move.

62. A.P.R., December 1896, p. 539; April 1897, p. 113.
64. Ibid., p. 22; A.P.R., April 1900, p. 69.
In the latter part of 1898 it was observed that duststorms seemed to be increasing in frequency and intensity across much of the western region; even on the eastern edge of the region, at Hillston, duststorms became a weekly event during November and December, and occasionally the clouds of dust were so thick that business in the town was suspended for several hours. Over the following years severe dust and sandstorms came to be accepted as a normal feature of western life. The wind moulded the soil into new patterns, stripping off the surface in one area and depositing it as loose dunes in another. By 1900 the greater part of the region had been affected, excepting only the scrub country north-east of the Darling. Around Mossgiel and in the western Riverina the land was scarred by spreading patches of windblown territory and large bare areas where the topsoil had been stripped away leaving only "scalds" which "would not support a flea, let alone a sheep." The west Darling was being rapidly overtaken by the shifting sands. On Avoca station near Wentworth over a hundred square miles of the leasehold area were windblown. Further north near the South Australian border the whole of Buckalow station was in a state of "utter windswept desolation". On the mid-Darling the frontages

67. A.P.R., October 1898, p. 392.
68. Hillston Spectator, November and December 1898, esp. 19 November 1898.
69. A.P.R., October 1899 p. 442; February 1900, p. 693; February 1901, p. 767.
71. Ibid., evidence of A. Cudmore, p. 435.
72. Ibid., evidence of W. Parker, p. 428.
were blistered and bare, while the back country was covered in
dunes interrupted only by patches of stony, cement-hard subsoil
to mark where the ridges had been. The position was
similar in the arid Corner country and on the Paroo, where all
that was left of the Mitchell grass was an occasional blackened
tussock in the middle of a "howling wilderness". The earth
around Enngonia, north of Bourke, was "as bare as a brick" and
scalding had occurred as far east as the Culgoa. The
wind erosion more than anything else finally convinced settlers
and lenders alike that the losses sustained in the western
districts would have to be accepted as permanent.

Pastoral Profits and Losses 1891-1901

"Most of [the pastoralists] had the country, but now
the country has the pastoralists."77

By 1902 the New South Wales interior had undergone a
twofold crisis in the course of which a large part of the
capital invested during the boom years had been annihilated,
initially by the collapse of the market value of western
stations and their products, and subsequently by the physical
destruction of the elements of pastoral production - stock,

73. Ibid., evidence of E. Quin, p. 248; G. Riddoch, p. 319;
C. Archer, p. 456; A. Wilson, p. 466.
74. Ibid., evidence of J. Boothby, p. 278; cf. evidence of
T. Mackay, p. 482.
75. Ibid., evidence of C. Conway, p. 34.
76. Ibid., evidence of W. Dickinson, p. 187. For a general
discussion of the problem, see J. Maiden, "The Sand-Drift
Problem in New South Wales", Journal of the Royal Society
of New South Wales, 37, 1903. pp. 99ff.
77. Ibid., evidence of A. Cudmore, p. 437.
station equipment and the fertility of the land. As Heathcote has pointed out, it is impossible to measure the effects of drought with accuracy. 78 This is more particularly the case when drought is accompanied by a wider economic crisis which independently affects the market values of stock and pastoral products. Nevertheless, by any reckoning the losses of the 1891-1902 period in the interior were substantial.

The sheep population of the Western Division in 1902 stood at 3.6 million, a little more than a quarter of its peak levels in 1891 and 1894. Though some of this decrease can be attributed to the removal of sheep on agistment to other regions, deliberate culling and a shift from sheep to cattle in some areas, 79 the bulk of the flock reduction arose from lambing failures, forced sales and outright losses on the stations. Lambing percentages were mostly poor from 1895 to 1902, and there were general failures in 1899, 1901 and 1902; in 1899, for example, no lambs survived on the A.E.M.'s Overflow group of stations or on two of its other properties, while on its Tindarey holding the survival of fifty lambs was scant recompense for a mortality of nearly twenty thousand. 80 Though squatters close to Broken Hill and other towns were able to dispose of some of their stock for local consumption at a reasonable price, 81 large numbers of sheep had to be boiled

79. On which see below, p. 198.
81. Ibid; Thackaringa, near Broken Hill, showed consistently higher stock prices than other stations.
down in the earlier stages of the drought. Returns from stock sales were extremely low, with average prices for some stations falling below three shillings a head, until about 1899 when shortages of sheep for slaughtering and the advent of a brief wool boom sent stock prices up at last. Finally, there were large stock losses over and above ordinary mortality rates. Lambing failures were often accompanied by heavy losses among the ewes; waterholes were lined with the carcasses of starving sheep; whole flocks were let die on the run rather than risk travelling over the stock routes. Overall mortality rates arose above twenty-five per cent on several occasions, and the losses this entailed were made doubly hard to recoup by the 1902 drought in the eastern and central districts, which reduced the New South Wales flock by thirty-six per cent and thereby ensured that restocking from the market would be extremely expensive.

The destruction of station equipment represented a major additional capital loss. The west Darling and the other wind-blown areas were worst affected. At best the sand-drift meant that managers had a continual battle to keep station equipment clear; at worst, drifts could form to depths of three or four yards, growing at speeds of up to a foot per week and

82. Ibid; Cain, "Companies and Squatting", op. cit., p. 456.
83. See e.g. A.P.R., April 1896, p. 85; July 1896, p. 234; August 1898, p. 275; March 1900, p. 33; March 1902, pp. 1, 5.
burying "improvements" without trace. Tanks and dams rapidly lost capacity through silting, and occasionally disappeared completely. Fences, stockyards and other structures were covered by dunes. One west Darling station manager installed three rabbit-proof fences on top of one another before deciding that he was wasting his time. Rabbit-netting was especially prone to being buried when the sand was blown up against it, and was widely recognized by the turn of the century as being useless on sandy country. The sand-drift dramatically revealed the flimsiness of the structures in which the squatters had invested so much and the ephemeral nature of pastoral occupation on the plains.

Even more alarming was the prospect of a permanent decline in the quality of the region's soils and pastures. As it happened, the pastoralists underestimated the recuperative capacity of the rangelands; some vegetation species were dormant, not extinct, and when heavy rains eventually came herbage grew back in the dunes. Nevertheless, enduring damage had been done to the perennial shrubs both in the boom years and during the drought, and the natural drought reserve fodder of the region as a whole had therefore been seriously depleted. The replacement of edible by inedible species also

86. Ibid., evidence of N. Sadleir, p. 420.
87. Ibid., evidence of I. Chambers, p. 39.
88. Other evidence to R.C.W.D. on this question includes that of D. Hatten (ibid., p. 51); E. Hayes, p. 208; A. Cameron, p. 358; P. Waite, p. 410; W. Parker, p. 429; J. Leigo, p. 469.
represented a long-term diminution of the region's stock-carrying capacity which was practically irreversible, as the investment required to assist the regeneration of native fodder plants was far out of proportion to the economic return it would yield. The much-vaunted eradication of the prickly-pear, already a pest in the north-west during the 1890s, needs to be viewed in the context of a general record of failure to check or reverse the deterioration of Australia's rangeland vegetation. Furthermore, the damage done by the scalding and compaction of the soil proved difficult to reverse. The settlers who, like George Miller of Redan station near Broken Hill, had watched "what used to be fine rich flats covered with the best of cotton and saltbush" become "nothing but an immense clay-pan" found that little regeneration took place even after rain. Smallholders were severely affected, some of them losing all the topsoil from their plots of land. And finally, the spread of rabbits had saddled western pastoralism with a competitor which was to continue to reduce the amount of feed available to stock for at least half a century. It is understandable that observers with long experience of the outback were inclined to believe that the western lands would never recover from the desolate condition they were in by 1902.

93. Ibid., evidence of A. Cameron, p. 358.
94. On the initial effects of the introduction of myxomatosis, see Hardy, op. cit., p. 240.
The growing conviction that western pastoralism was not a paying proposition, coupled with the general financial stringency which prevailed after the 1893 crashes, sent station market values to rock-bottom. Even before the drought the market had been very poor; for example, the owners of Mount Poole, near Milparinka, had been unable to get a bid of fourteen thousand pounds in 1893 for a holding with thirty-five thousand sheep and station equipment which had cost thirty-two thousand pounds to install. Under drought conditions many holdings changed hands for little more than the value of the few stock remaining. In the latter 1890s Nymagee, a station of 115,000 acres with four thousand sheep and fifty thousand pounds worth of improvements, brought a little more than three thousand pounds at auction; similarly Mulurulu was bought for five thousand pounds with eleven thousand sheep and fifteen thousand pounds' investment in capital equipment. One of the few stations to be sold at a good price in the 1890s was Quantambone, near Brewarrina, which was bought for sixty-six thousand pounds in 1897; but this was little more than an aberration, and in the longer term a costly one, on the purchasers' part.

For the surviving squatters, and even for the finance houses, the bottoming of the western land market represented

96. Ibid., evidence of G. Frew, p. 71.
97. Ibid., evidence of H. Ryan, p. 292; for other examples see evidence of H. Welsh, p. 108; W. Scanlan, p. 110; D. Elder, p. 265; F. Eastwood, p. 296; W. Findlay, p. 420.
98. Ibid., evidence of J. Pearson, p. 145.
the closing of a trap. The fact that they had set the trap themselves did nothing to make their position more palatable. Much as they would have liked to see the last of their western holdings, to sell them would entail almost as great a loss as to hand them back to the Crown. A few of the most desperate squatters sold out, but others decided to hold on to their stations when they realized how poor the market was.\textsuperscript{99} At various stages several of the financial institutions adopted realization policies under pressure from British shareholders and depositors, but the prices realized were so ruinous that even the British were soon convinced that there was little option but to hang on to the remaining properties until the market eventually lifted.\textsuperscript{100} Some finance houses were able to get rid of the responsibility for managing foreclosed holdings, and at the same time co-opt additional private capital, by offering mortgage finance to new purchasers.\textsuperscript{101} But several of the companies had resigned themselves to managing their holdings in the long term and were using sales, or as a last resort forfeitures, to dispose of only the most unprofitable holdings and those which lay too far from their main groups of stations to be placed under joint management.\textsuperscript{102} As the \textit{Pastoralists' Review} described the position

\textsuperscript{99} Ibid., evidence of W. Findlay, p. 420.
\textsuperscript{101} Several such transactions are recorded in N.S.W. Lands Department, 8/2225.
\textsuperscript{102} \textit{A.I.B.R.}, August 1900, p. 621; Bailey, \textit{op. cit.}, pp. 160, 185.
in 1902, stations mainly changed hands "from the fellow who borrowed to the fellow who lent, and both wish they had never seen the place". 103

The western pastoral lessees who remained took a number of steps to salvage what they could from an unfavourable situation, accepting the fact that a substantial part of the capital they had invested would have to be regarded as lost. The large pastoral finance houses with multiple western holdings were uniquely placed to adapt to the changing requirements of western pastoral production. The companies could use reserved earnings, or at worst calls on their share­holders, to cover the writing-down of capital values to a point at which company stations would pay a reasonable rate of interest without heavy stocking. 104 By contrast, mortgaged squatters usually still had to pay interest on the full debt, 105 and even some of the wealthiest pastoralists came close to being bankrupted by the shrinkage of station values. 106 Having removed the pressure to maximize short­term earnings on the stations in their possession, the companies were able to overhaul the operations of the stations to ensure steady returns, mitigate the effects of drought and thereby place themselves in a position to take maximum

103. A.P.R., March 1902, p. 5.
104. See e.g. Australian Estates papers 165/5; Memo re Assets; valuations in A.M.L.F. papers, 6/106; Cain, "Companies and Squatting", op. cit., pp. 450, 455.
106. See below pp. 213-4.
advantage of any general improvement in climatic conditions or pastoral values. Few individual squatters, even those who were not in debt, had sufficient financial backing and diversity of holdings to do the same.

Even before foreclosure most of the companies had gone to some lengths to impose a Spartan lifestyle on their clients and employees by reducing absenteeism, cutting wages and prohibiting lending for personal expenditures. This emphasis continued when the stations were taken over absolutely, but it was allied with other measures to maximise the advantage the companies could derive from the sheer size of their holdings. As the numbers of properties held by the companies increased, large groups of stations were brought under joint management. All the A.M.A.'s foreclosed stations were administered jointly, directly from the company's Australian office. Goldsborough Mort had brought its ten west Darling stations under a common manager by 1900. A.E.M. had a block of six stations in the Cobar district, and A.M.L.F. groups of three on the lower Darling and seven in the north-west, each of which was managed as a single unit.

This practice had several advantages. It permitted the companies to cut expenditure on salaries for clerical and

107. Bailey, op. cit., pp. 107, 139-40; for an example of an absentee moving into residence on the holding, see Corona station records 51/20/2
managerial staff, and probably on some skilled manual workers' wages as well. Sheep could also be moved from station to station to take advantage of localized rain, to ensure that breeding sheep were allotted the best pastures, and to circumvent the hazards of the stock routes when taking sheep to sale. By these and other means several companies, notably Goldsborough Mort, were able to minimize mortality rates and keep their breeding sheep alive through the worst years. This later allowed them to capitalize on the high stock prices which reigned after the 1902 drought. Thus, ironically, one of the effects of the concentration of capital during the depression was to permit the international financial institutions to preside over the adoption of stock management practices which were reminiscent of nothing so much as the techniques of precapitalist nomadic pastoralism.

Individual squatters were hard put to achieve a similar flexibility of grazing patterns. They could rent the grazing rights to vacant western lands; land was often let out on this basis by homestead lessees who were unable to restock after droughts. Sheep were also sent to the central and eastern districts on agistment, especially in the south where

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112. For example, the A.E.M.'s six Cobar stations were run by a manager, an overseer, a bookkeeper, two married couples and eight general hands.
114. Cain, ibid., pp. 441-2; see also A.I.B.R., February 1903, p. 100, Bailey, op. cit., p. 179.
stock were taken to summer pastures on the mountains.\textsuperscript{116} But agistment was expensive, and even within the west the ruling price for grazing rights was in excess of the Crown rental.\textsuperscript{117} Rented country was also hard to find, particularly in times of general drought.\textsuperscript{118} Substantial rebates were given on the railways for the carriage of starving stock\textsuperscript{119} but it was still risky to move stock when they were in poor condition, especially where they had to pass over the stock routes for any distance. In the most severe seasons many individual squatters could do little more than get rid of their remaining stock and face the certain losses of restocking at high prices after the drought broke.\textsuperscript{120}

The wealthiest pastoral lessees were advantaged in several other ways. It was virtually impossible to mitigate the effects of drought and environmental deterioration on the cheap. In areas where sand-drift was coupled with an increase in the population of wild dogs, or where scrub growth was thick, stations were restocked with cattle rather than with sheep;\textsuperscript{121} during the drought years this was an expensive and often risky step to take.\textsuperscript{122} Artificial feeding was necessary

\textsuperscript{116} See e.g. A.P.R., October 1899, p. 440.
\textsuperscript{117} Ibid., May 1899, p. 141.
\textsuperscript{118} Ibid., June 1897, p. 175; January 1902, p. 739; March 1902 p. 1; at some stages Western Division pastoralists found it necessary to purchase land elsewhere for their stock (A.I.B.R., December 1898, p. 823).
\textsuperscript{119} Starving stock were carried at half rates, stock feed and sheep for boiling down at quarter rates (A.P.R., June 1897, p. 178).
\textsuperscript{120} Foley, op. cit., p. 61.
\textsuperscript{121} Alexander and Williams, ed., op. cit., pp. 56-7; A.P.R., June 1896, p. 211.
\textsuperscript{122} See e.g. Australian Estates papers, 5/16.
to keep flocks alive through some of the worst seasons, and the price of forage soared in response to the increased demand until in some cases hay was almost as dear as flour.¹²³ Even when artificial feed was given only to breeding sheep, horses and working bullocks the bill could be high. Nevertheless the use of hand-feeding was widespread, particularly during the 1902 drought. A.M.L.F., by then the largest single Western Division lessee, spent £42,000 in that year to keep stock losses to 26.5% on its own and 30% on its clients' stations.¹²⁴ Goldsbrough Mort, with expenditures of fourteen thousand pounds, or 34% or its station budget, on "drought and other" expenses, had losses of 21.4%.¹²⁵ Even though A.E.M.'s stations were close to the eastern edge of the region, this company too spent four thousand pounds on artificial feed in 1902, keeping losses to 21.8% but failing to save many of its breeding sheep, including half the rams on its Cobar group of holdings.¹²⁶ Those graziers who could not afford expenditures on such a scale resorted to feeding their sheep on anything from home brews of straw and molasses to boiled prickly pear.¹²⁷

With the extraordinary expenses necessitated by drought and the increased maintenance costs occasioned by sand

¹²³. While flour was sold at about £10-12 per ton, forage prices ranged from £7 to £10 per ton in 1900 (R.C.W.D. Minutes, evidence of M. Feehan, p. 15; J. Thomas, p. 17; F. Bacon. p. 151).
¹²⁴. Bailey, op. cit., p. 179.
¹²⁶. Australian Estates papers, station reports.
¹²⁷. A.P.R., September 1899, p. 399, May 1902, p. 140.
drift and noxious scrub growth, the most ruthless cost-cutting
could not produce expenditure reductions commensurate with the
stations' falling output. In spite of some variations in
practice, evidence from company and private stations is
congruent with the pattern noted by Cain in Goldsbrough Mort's
case; basic working expenses exclusive of drought outlays were
reduced, but ordinary expenses per head of sheep crept upwards
even before drought outlays sent them soaring. 128

The cost-price squeeze in which western pastoralism
had been caught during the latter 1880s and early 1890s had
been principally the result of mounting interest bills and
falling wool and stock prices. In the 1895 to 1902 period the
pressure was maintained by the inflexibility of station
expenditures, even excluding interest payments, coupled with
falling output. The general upward trend in wool prices after
mid-decade was not sufficient to counterbalance this. From the
trough of 1894 wool prices rose gradually and uncertainly until
1899, when a brief boom was stimulated by speculation in
Europe, only to be cut short by lagging demand and financial
instability on the Continent. 129 Prices plummeted close to
their mid-1890s level in late 1899 and 1900 before resuming an
upward course. 130

per head for A.M.L.F. stations are given in A.M.L.F.
papers, 6/106, and Australian Estates station reports show
a similar pattern (see Appendix C).
129. See A.P.R., March 1900, p.1; June 1900, p. 251.
130. Ibid., August 1900, p. 331, September 1900 p. 456, October
1900 p. 473.
The extent to which western pastoral lessees shared in the benefits of the general upturn varied widely. Fluctuations in output were mainly responsible for the variations, but throughout the period the wool market was distinctly unstable and the timing of sale could also prove important. The range of variation was illustrated by the differing experiences of the pastoral finance companies during the 1899 boom. Both N.Z.L.M.A. and Goldsborough Mort caught the rise with reasonable clips, the later lifting its gross earnings from ten stations by 15% over the previous year; A.E.M. sold some of its wool at a good price, but enormous losses on its east Darling holdings sent its western stations' wool cheque plummeting by 56%; part of the A.M.L.F. clip arrived too late for the boom and the company's earnings from its lower and west Darling properties fell slightly as a result; and A.M.A. made an ill-advised decision to ship its wool to London, with the result that the clip was still in transit when the boom collapsed. At the individual station level fluctuations were even more violent and their pattern more difficult to discern. But in spite of intra-regional variations in timing and extent, the available station records indicate that gross wool proceeds failed to recover from their level of the mid-1890s, and in several cases fell well below it, because

132. Australian Estates station reports; see also A.I.B.R., October 1900, p. 783.
134. A.I.B.R., October 1900, pp. 775, 780.
of the reductions in output occasioned by the drought.\textsuperscript{135} Nor were western stations able to bridge the gap by stock sales as they had in the 1880s.\textsuperscript{136}

This is not to suggest that squatting on the plains had become completely unprofitable; on the contrary, if capital losses are not taken into consideration most stations yielded a surplus over operating expenses for the drought period as a whole. However, working cash surpluses were not always as high as those found by Cain on Goldsbrough Mort's ten western stations, which together yielded an average of £24,100 per year from 1896 to 1902, representing 2.5\% on the company's capital investment.\textsuperscript{137} Goldsbrough Mort were fortunate in 1899 (a year which alone accounted for 36\% of the total cash surplus) and the company was probably favoured by the geographical spread of its holdings and exceptionally good management of flocks. A.E.M., by contrast, with its holdings concentrated in the scrubby country around Cobar and its heavy stock losses before the 1899 shearing, earned only £9,200 on average from six stations in 1895-99 and £3,700 from ten stations in 1900-02; overall, this represented a return of about one per cent.\textsuperscript{138} Some individual stations were yielding far less; Tindarey, for example, in spite of a company investment of £191,000, made a net loss during the last three years and by

\textsuperscript{135} Australian Estates station reports; A.M.L.F. papers 6/106.
\textsuperscript{136} Australian Estates and A.M.L.F. papers, loc. cit.; cf. pp. 80, 86 above.
\textsuperscript{137} Cain, "Companies and Squatting", op. cit., p. 448.
\textsuperscript{138} Australian Estates papers, station reports. See Appendix B.
1902 was carrying only 3,600 sheep.\textsuperscript{139}

While the companies' strict regime had evidently failed to restore the short-term profitability of their holdings, the long-term consequences of pasture deterioration aroused further concern. With sand-drift in the west of the region and scrub growth in the east, the remaining lessees were becoming aware that to increase profits and accommodate greater flocks on their western holdings after the drought they would have to pump in more money to repair damaged fencing and watering facilities and clear overgrown land. The companies were reluctant to finance this on their own or their clients' holdings unless higher returns could be expected. But there was scope for returns to be lifted and the value of western stations to be increased by government concessions over rental and tenure; and in the late 1890s the squatting lobby's hand was strengthened by the finance companies' implied threat to withhold investment from the region and let the western lands be abandoned unless the government extricated the western lessees from their predicament.\textsuperscript{140}

The western squatting lobby had made some gains from the 1895 Land Act. The Act's provision for reappraisal of Western Division rentals had resulted in a general reduction, especially for some of the poorer holdings.\textsuperscript{141}

\textsuperscript{139} Ibid., 5/16.
\textsuperscript{140} See e.g. comments quoted in A.I.B.R., December 1901, p. 996.
\textsuperscript{141} The rent reductions are shown in R.C.W.D. Return Z. For comment, see A.P.R., June 1895, p. 166, September 1896, p. 350.
Division leases were also extended for seven years, lessees were given the right to compensation for improvements taken over by smallholders, and some of the more remote pastoral leases in areas where closer settlement was unlikely to be viable were restored to their pre-1884 dimensions by the attachment of the resumed area to the leasehold. 142

But the squatters remained dissatisfied. As the drought dragged on and the western flock dwindled, the government's assessments of Western Division runs' carrying capacities began to appear over-optimistic, and Crown rents began to consume a large proportion of the stations' profits. On six A.E.M. stations, for example, Crown rents in 1898 and 1899 amounted to one and a half times the return the company gained from the stations. 143 The collapse of the 1899 wool boom and the heavy losses sustained during that season spurred the squatting lobby to mount a major campaign in 1900. The campaign was carefully orchestrated; it was initiated by a series of Sydney Morning Herald articles, written by a cooperative publicist, aimed at creating an atmosphere of public alarm at the state of the western districts. 144 These were followed by public meetings in the major western towns, which called on the government to establish a Royal Commission to

143. Australian Estates station reports.
144. Sydney Morning Herald, 23 November 1899; these articles were supposedly subsidized by contributions from the squatters (R.C.W.D. Minutes, evidence of P. Oakden, p. 99).
inquire into the plight of the western tenants. When the government acceded to this demand, local meetings and publicity in the Pastoralists' Review were used to focus squatters' evidence to the Commission around four demands - the granting of new forty-two year leases, the setting of reduced rents to apply for the duration of the lease, the recognition of lessees' right to compensation for improvements at the expiration of the term, and the extension of Western Division conditions to the purely pastoral areas nearby in the Central Division. The squatting lobby was also careful not to antagonize the powerful closer settlement lobby; homestead lessees were invited to many of the local meetings, and the Pastoralists' Review urged squatters not to take a strong position against the extension of the maximum area permitted to be taken up as a homestead lease.

On the whole the activists were fairly successful in marshalling opinion behind these demands; but the government, and the Legislative Assembly members who dominated the Royal Commission, had preoccupations of their own. Though they were concerned at the possible problems of pest control and the reduction of Crown revenues which would attend the abandonment of the western lands, they were also inclined to feel that the

145. A.P.R., April 1900, p. 70, May 1900, p. 133.
146. Ibid., June 1900, p. 224.
147. Ibid., August 1900, p. 382.
148. Though McMaster, the chairman of the Commission, was a Lands Department official, the remainder of the Commission's members were parliamentarians, prominent among them Willis, a Bourke newspaper proprietor of populist leanings, and Spence, the A.W.U. leader.
squatters had contributed to their own downfall by overstocking, and they were most reluctant to grant concessions unconditionally, fearing that the finance companies would take advantage of them to expropriate the remaining squatters.

Their misgivings were reinforced by the evidence of a handful of mavericks, several of them dispossessed pastoralists, who criticized the high interest rates and high-handed treatment imposed by the finance companies. One went so far as to describe the finance houses in these terms:

"They have oppressed us, and made our lives bitter. You can hardly call your soul your own. They drive a man to desolation, to desperation, drink and suicide."

Such unpardonable breaches of etiquette brought wrathful retorts from the Pastoralists' Review, which staunchly denied the existence of any conflict of interest between squatters and the finance houses. Nor did the notion of the Crown's intervening in any way to limit the finance houses' ability to foreclose appeal to the remaining squatters; for, as Quin of Tarella put it:

"You cannot deal with a man who has lent money to another; if the conditions are not favourable he will button up his pockets and refuse to lend."

Nevertheless, the Royal Commission's fear of large-scale dispossession overrode any concern at the possibility of the

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149. R.C.W.D. Minutes, evidence of D. Hatten, pp. 10-12, W. Bedford, pp. 79-81, W. Lindsay, p. 182.
150. Ibid., evidence of E. Killen, p. 333.
151. A.P.R., October 1900, pp. 480, 509.
finance houses' refusing to make additional loan capital available. The Commission's concessions to the squatting interest were made subject to the condition that they should only apply to mortgaged runs after the mortgagor, the mortgagee and the Crown had reached agreement on the adjustment of the conditions attaching to the debt; and financial institutions were to be required to give guarantees that they would make use of the land in the best way possible before their holdings were brought under new conditions. 153

The Commission's report departed from the squatters' wishes in several other ways. Though reduced fixed rents and new forty-two year leases were suggested, tenant-right was only recommended on a limited number of improvements. However, when the bill reached the committee stage in the Legislative Assembly, it was amended to include most major station structures as well as ringbarking and scrubbing. 154 The Commission did not recommend any major alteration to the boundaries of the Western Division. And there was some indignation at the powers given in the initial bill to the Western Lands Commission, which was set up to oversee the implementation of the new conditions of tenure and to supervise the occupation of the Western Division thereafter, equipped with the power to specify stock ceilings and order pastoralists to install improvements on pain of forfeiture. 155 This attempt to establish some

154. A.P.R., December 1901, p. 690.
155. Ibid., December 1901, p. 689.
control over the exploitation of the western lands was aborted at the committee stage after intensive lobbying by the squatting interest.\textsuperscript{156} To compensate for this and other additional concessions to the squatting lobby, the bill was amended to provide for resumptions up to one-eighth of the area of a pastoral lease where the land was required for closer settlement. The Western Lands Act of 1902 as it finally emerged embodied three of the four demands presented by the squatters: they had gained an effective tenant-right in improvements, provision had been made for rent reductions to boost the flagging profits of western holdings, and they were assured of undisturbed occupation of their stations, excepting minor resumptions, until 1943.

Furthermore, in spite of the Royal Commission's caveats it was impossible to prevent the new Act from conferring advantages on the already advantaged pastoral capitalists. The pastoral finance houses had little difficulty in complying with the conditions set down for inclusion under the new Act, and only four company or bank stations were finally refused coverage.\textsuperscript{157} No information has been found on the arrangements made for mortgaged stations where agreement on the writing-down of the debt was required; but no matter how

\textsuperscript{156} Ibid., December 1901, p. 690.
\textsuperscript{157} N.S.W. Lands Department papers, 8/2225. The holdings concerned were Tarcoola (A.M.L.F.), Tiltagara and Connulpie Downs (A.E.M. or U.M.A.), and Cuthero (Bank of New South Wales). Murrin (Murray and Sanderson) and Lake Victoria (A.M.L.F.) were initially refused but later granted coverage.
much was written off the debts of the mortgagors who retained possession of their holdings, the Act's once-off provision for debt adjustment could neither act as a brake on future dispos­sessions nor restore control over the western lands to the squatters who had already been ousted. By the time the Act was introduced a major shift in the distribution of control over the western pastoral industry had already occurred. Many of the self-made men, the squatting pioneers who had amassed fortunes in the boom years and squandered them on stations in the outback of New South Wales and Queensland, had been dispossessed or bankrupted. Their place was taken by the companies and a handful of speculative investors who bought stations at bedrock values during the drought years in antici­pation of their gaining value after the drought.

The Lands Department register of Western Division pastoral leases shows 125 pastoral leases (40.7% of the total number) as being held by companies at the end of 1902.¹⁵⁸ No distinction is made between mortgagees and absolute holders, but evidence from the Royal Commission minutes and elsewhere indicates that a substantial majority, possibly two-thirds, of these stations were held absolutely by the companies. The position of the sixty-eight properties (22.1% of the total) registered as held by banks is less clear, as the banks were generally reluctant to detail their foreclosures, but it seems that the banks held a smaller proportion of their stations

¹⁵⁸. These and later figures are based on ibid., 8/2225-6.
absolutely than did the finance companies, though with variations from one bank to another.\textsuperscript{159} This was partly a result of the banks' attempting to offload stations by foreclosure, sale and remortgage, as well as their willingness to advance funds on the security of western leaseholds purchased by speculators during the drought, presumably at low prices. On 15\% of the bank stations the original lessees had been displaced by one or other of these means immediately prior to the taking out of a mortgage.\textsuperscript{160}

Nor did the original lessees necessarily survive on the forty-eight stations (15.6\% of the total) held by partnerships or the sixty-six (21.5\%) held in individuals' names.\textsuperscript{161} Some of these registrations were mere legal fictions; some of the U.M.A.'s stations were held in the name of a partnership involving the chairman of the London board, and Queensland Estates Ltd. had its two stations registered under the names of a Mr. Keating and of a partnership of which this gentleman was a member.\textsuperscript{162} More significantly, only on 52\% of the partnership holdings and 44\% of the individuals' stations had any

\textsuperscript{159} For example, in 1900 the Australian Joint Stock Bank held five of its eight Western Division runs absolutely, while the Commercial Banking Company of Sydney was working only one of seventeen holdings registered in its name (see \textit{R.C.W.D. Summary}, pp. 89-96).

\textsuperscript{160} \textit{N.S.W. Lands Department records}, 8/2225.

\textsuperscript{161} For these purposes, properties held by the executors of individuals' estates are regarded as being held by individuals.

continuity of ownership been retained since 1890, and it is likely that even if some of these cases private lenders had begun with a purely financial involvement and later taken over station management. Since the onset of drought in 1895, 34% of the partnership and 42% of the individual holdings had changed hands, most of them by sale and a minority by private mortgage. In all, at least 27% of the partnership and 12% of the individual holdings were registered in the names of men who had originally taken them up as mortgagees; many of these appear to have been held absolutely by the erstwhile lenders at the end of the drought.

The situation was similar in the western Riverina. Many of the 1880s squatters were squeezed out by foreclosure and by the accumulation of land in the hand of a small number of private investors, several of whom had little previous involvement in the pastoral industry. Throughout the interior of the eastern colonies a new generation of speculators who had been fortunate enough to be excluded by the high entry costs of the industry during the Long Boom was moving in, often with the assistance of the omnipresent finance houses, to pick up some of the remnants of the boom-time squatting empires. A few

163. Ownership is taken as being continuous where holdings remain in the hands of an individual or unchanged partnership, are transferred by way of inheritance or are held by partnerships with at least one common member throughout the period.
164. This may be an underestimate, as it is clear from the transfers to pastoral finance companies that not all mortgages were recorded as such.
165. Indicated by the fact that several were subsequently disposed of without reference to the original lessees.
amassed sizeable fortunes from these beginnings. Along the eastern edge of the region, and especially in the western Riverina, the old squatting runs were subdivided after the drought for sale as medium-sized grazing and mixed farming properties. Further west Sidney Kidman began his land-owning career by purchasing three Corner runs after they had been forfeited; by using western stations in conjunction with his stock-dealing and butchering business, as had Tyson before him, Kidman eventually built up an empire which included about a third of the west Darling country. This process should not be viewed in Social Darwinist terms, as the progressive elimination of all but the most effective and expert pastoral managers. Pastoral expertise had long been a commodity and the manager an employee, or at best a junior partner whose eventual transition to finance company employee was virtually painless. "Survival" in control of a holding through the drought was principally a function of the pastoralist's access to capital, preferably from sources which had nothing whatsoever to do with outback squatting.

Among the squatters who held on to their properties, even if mortgaged, the men who entered the industry during the 1880s are conspicuously absent. Having sunk their fortunes and contracted debts to cover the inflated costs of land purchase

166. Ronald, op. cit., passim.
167. N.S.W. Lands Department, 8/2225.
and station equipment during the boom, they were among the first to be eliminated when they failed to pay interest or suffered stock losses. Only a handful of the wealthiest boom-time purchasers, most of them with outside investments, were still around in 1902.\(^{170}\) Even the ranks of the squatting families who had carved up the region between them in the 1860s and 1870s were noticeably thinned. Those who profited most out of their outback ventures were the prudent investors - Barr Smith, the Fairbairns, Dangars, Brodribbs and others - who quickly sold their western holdings and withdrew to better-watered districts or into the realms of pastoral finance.\(^{171}\) Those who let the inexorable spiral of land speculation carry them into the outback of New South Wales and Queensland suffered heavily. The Kennedys had lost many of their stations, having been ousted from the west Darling by the A.M.L.F. in 1898-9 after the death of their patriarch.\(^{172}\) Despite his familial connections Tom Patterson, immortalized as the ideal employer in "Flash Jack from Gundagai", left his dependents penniless on his death in 1902.\(^{173}\) Charles Fisher's extensive interests in western New South Wales, Queensland and the Northern Territory sent him bankrupt in 1895, with debts of £1.5 million and assets of barely half that amount.\(^{174}\) The

\(^{170}\) See e.g. biographical notes on F. Armytage (A.D.B., vol 3, p. 52) and Samuel McCaughey (Crowley, op. cit., p. 298).

\(^{171}\) See e.g. A.D.B., vol 3, pp. 237-9 (Brodribb), vol 4, p. 147 (Fairbairn); A.P.R., December 1891, p. 369 (Dangar).

\(^{172}\) Bailey, op. cit., pp. 139-40.

\(^{173}\) Randell, op. cit., pp. 182-3.

\(^{174}\) A.D.B., vol 4, p. 249.
estate of William Taylor, whose interests had extended from Keilor to the Queensland interior during the boom, was found to be in deficit when he died in 1903. W.H. Suttor, founding president of the New South Wales Pastoralists' Union, was also close to bankruptcy by the turn of the century.

But though the depression highlighted the ultimate dependence engendered by the squatters' status as privileged borrowers during the boom, shreds of the old privilege remained. The financial institutions were reluctant to provoke confrontations, especially with their more powerful clients. Many squatters were compensated handsomely for the surrender of worthless equities, or employed on high salaries as managers of the holdings they had once owned. Lesser pastoralists were still able to invoke the support of powerful kin to gain a stay of execution, and financiers often waited until their more prominent clients died before foreclosing on their estates. In few cases did financiers make a vigorous attempt to recoup their capital by asserting claims over squatters' other assets. And as the depression drew on through the long,

175. Ibid., vol 6, p. 249.
176. Ibid., vol 6, p. 229.
agonizing denouement of drought some squatters were only too relieved to walk away from their desolate runs.\textsuperscript{180}

The process was not without its casualties. At least one squatter suicided, and others sought oblivion in alcohol.\textsuperscript{181} Nor could the financial institutions entirely avoid the odium which attended their occasional legal battles with recalcitrant clients.\textsuperscript{182} But on the whole the ousting of the western squatters proceeded with remarkably little fuss, and radical nationalists' appeals for a crusade against foreign bankers found little sympathy in squatting circles. For those pastoralists who had remained in possession of their mortgaged holdings, whether in the western districts or elsewhere in the colonies, to attack one's creditors was a distinctly risky operation; in any event it was widely felt that a man's debts were his own responsibility, and a rather shameful matter which was best not aired publicly. Even among those who had lost all their holdings there were many who, as well-paid employees of the finance houses, enjoyed the shadow if not the substance of their erstwhile social status and retained a close identification with the interests of the squatting clique. And it was this clique's abiding conviction that the demise of outback pastoralism was principally attributable to the impositions inflicted on the squatting interest by a State which was

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\textsuperscript{180} R.C.W.D. Minutes, evidence of M. Armstrong, p. 114, J. Niall, p. 236, E. Quin, p. 252. \\
\textsuperscript{181} A.P.R., February 1893, p. 1052. \\
\textsuperscript{182} See e.g. Bailey, op. cit., p. 137; R.C.W.D. Minutes, evidence of J. Cousins, p. 43.
\end{flushright}
subservient to the illegitimate aspirations of organized labour and the envy of the petty-bourgeoisie.

The Demise of the Pastoral Frontier: Western Life, 1891-1902

The frontier life of the Long Boom years, though later bestowed with the timeless quality of legend, was as ephemeral as the pastoral prosperity which produced it. The flock increases of the 1880s, the headlong rush to equip the back blocks in 1879-82 and the defensive investments of the latter boom years had created a strong demand for manual labour. However, the introduction of fencing and watering and the increasing emphasis on short-term, specialised contract work had permitted the squatters to circumvent some of the wage pressures arising from labour shortages. Permanent station hands were left with only the least-skilled, poorly paid work, while seasonal and construction workers were required to shift around from station to station in their own time and at their own expense. By thus fragmenting station labour and minimising the idle time for which workers had to be paid, the pastoralists were able to reap much of the benefit of increased labour productivity.

Outback living conditions were generally poor. The thrust of westward expansion had outrun the provision of any but the most rudimentary services. Housing was primitive even by contemporary standards; transport and communications

183. Discussed in more detail pp. 222-3 below.
were erratic away from the railheads and waterways; outside the towns health care was largely confined to home cures and patent medicines and educational facilities were seldom available except to families who could afford a private tutor or governess; and the monotony of life on the isolated stations was broken only by occasional race-meetings, visits to town and, naturally, the annual holiday spree.

In the areas served by the river trade supplies were erratic, and profiteers lost no opportunity to force the price of food up when the rivers ran low. Many of the common forms of non-market, household-based production - growing vegetables, keeping a cow or setting up a small orchard - were impossible without irrigation; and although Chinese market gardeners quickly established themselves in most of the towns, fresh fruit and vegetables were seldom obtainable in the back country, with the result that bushworkers were exposed to the hazards of scurvy and other deficiency diseases. Permanent station hands were paid partly in kind, customarily receiving a pound a week plus their keep and sometimes a cash bonus to stay on the station during the shearing season; they

185. On which see Bean, op. cit., pp. 208-9, 214.
186. See e.g. C. Proud, The Murray and Darling Trade in 1883, Adelaide, 1883. p. 24; Tibooburra Telegraph, 10 February 1891.
were thus unlikely to starve on the station, even if a diet of
damper and mutton left something to be desired. But they were
dependent on their employers in the extreme. Station employees
often had no option but to purchase any additional items they
might require from station stores which commonly charged high
prices and enforced a prohibition on the consumption of
alcohol, and any thought a station employee might have of
bringing a wife with him was contingent on the employer's
agreeing to employ her or provide extra rations.  

Seasonal and contract workers, too, were usually
sentenced to celibacy for the duration of their stints on the
stations; wives and dependents were left behind in the western
towns or in the more easterly districts. To keep up their
recruitment of workers from outside the district employers in
the west generally offered higher rates than their eastern
counterparts, especially in times of severe labour
shortage, but such shortages became less common in the
latter 1880s as rural construction slowed. The earnings of
contract workers varied widely. There were heavy skill
loadings for some occupations; for example, a competent shearer
on the standard western piece-rate of twenty shillings per
hundred could probably expect to earn about two and a half
times as much as an adult shed hand, and the differential was
greater if one considers that both had to pay equally for their

188. Cannon, Life in the Country, op. cit., pp. 45, 53; Murphy
op. cit., p. 32.
With payment by piece-rates widespread in construction, shearing, clearing and vermin destruction, individual workers' earnings were heavily dependent upon their speed and efficiency. A large element of luck was involved when piece-rates were paid, as any number of unforeseen problems could halt the work; erratic supplies of materials disrupted construction work in the early 1880s, and shearing was always subject to the vagaries of the weather. The higher western rates were also partly offset by the time workers had to spend travelling, often on foot, from station to station.

On the whole, taking temporary work in the outback was something of a gamble. But for skilled workers, provided they could tolerate the living conditions and secure a consistent supply of work, potential earnings were high. A single contract on a large western run might mean several months' continuous work, and was therefore far preferable to shopping around for short contracts on the smaller stations further east. Doubtless there were many whose expectations were not fulfilled, young men who headed for the outback confidently anticipating that they would dazzle the west with

190. *Pastoralists' Review* data on sheep numbers per stand and duration of shearing for a few western stations indicate that average earnings were in the vicinity of £3/10/- per week (*A.P.R.*, August 1892, p. 759, July 1894, p. 259, August 1894, p. 313). Shed hands' wages were in the range of 25/- to 30/- a week, and less for juniors. On the other hand, shed hands did at least receive their pay during delays in the shearing.

their shearing prowess only to find themselves working as pickers-up or tar-boys for a pound a week. But there were others, especially among the struggling small-holders, for whom a sojourn in the outback provided a much-needed supplement to the family income.\textsuperscript{192} Even the austerity of station life had a certain advantage, in that one had to exercise some ingenuity to avoid saving while actually on the job; and though after six weeks or more incarcerated on an outback run there was obviously a strong temptation to celebrate one's release with an uproarious session at the nearest shanty, those who had something to save for could expect to find a tidy sum at their disposal.\textsuperscript{193} With all this the outback came to occupy a unique place in colonial workers' life and lore. For many it offered a rare opportunity to escape from the monotonous drudgery of unskilled labour in the cities and on the farms; for others it provided a refuge in a more personal sense, a haven of anonymity where they could leave behind them the unwanted consequences of past misdemeanours or the oppressiveness of an unsatisfactory domestic life.\textsuperscript{194} But to treat the outback as the apotheosis of contemporary colonial society is a nonsense. The frontier was moulded powerfully by the very disparity between conditions there and life on the "inside track"; its distinctive way of life could only be

\textsuperscript{193} The growing frugality of bushworkers' habits is mentioned by R. Ward, The Australian Legend, Melbourne, 1966, pp. 188-91.
\textsuperscript{194} See Bean, \textit{op. cit.}, p. ix.
sustained while it remained incidental to the experience of the bulk of the colonial population, which was concentrated in the urban areas and along the seaboard. The collapse of the urban boom therefore had immediate and disastrous consequences for the frontier.

With the aid of the 1891 census one can sketch out the lineaments of western New South Wales society as it stood on the brink of depression and industrial confrontation. By the time the census was taken in March 1891 the thrust of pastoral expansion and the Broken Hill mining boom had been exhausted; the western labour market was weakening as unemployed from the seaboard and Victoria drifted west in search of work. Within a few months, with the onset of the shearing season and the 1891 shearsers' strike, the influx of unemployed was to become a flood of strike-breaking labour, enabling the pastoralists to inflict a crushing defeat on the organized seasonal workers. When examining the census results it is thus necessary to bear in mind that the census probably included an unusually large number of new recruits to the region, but that many members of the usual seasonal workforce would not yet have come to the west, or if employed there during the off-season may have been recorded as being engaged in non-pastoral pursuits. However, this qualification notwithstanding, the census provides an invaluable glimpse of the society of the plains at the close of the Long Boom.\textsuperscript{195}

\textsuperscript{195} Summaries of some census data are at Appendix C.
Though with a total population of a little more than sixty-two thousand the western districts remained sparsely inhabited, they had undergone a massive population growth in the preceding decade. Since the census of 1881 the Western Division's population had increased at an average rate of 10.2% per annum, the total increase for the decade being 163.3%. As might be expected, much of the increase had been drawn from among men of working age, with the result that males comprised 64.5% of the total population and the male population was concentrated in the twenty to thirty-nine age group. The excess of males was not the only feature which suggested that western settlement was rather impermanent and had been established in some haste. The provision of housing had not kept pace with population growth. Tents made up 30.5% of the total housing stock, and even the more permanent dwellings were seldom constructed of durable materials such as brick and stone. Dwellings were generally smaller and more crowded than was usual at the time. Almost a third of the population lived in one- and two-roomed dwellings, and average densities were well in excess of one person per room. In addition,

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196. This figure includes about two thousand Aboriginals. Except where otherwise noted, Aboriginals were excluded from census data, as information on them was collated separately.


198. 46.1% of the male population was in this age group; this is the more remarkable because of the fact that many seasonal workers were not yet in the district.

199. 47.4% of dwellings were made of wood.

200. Average densities ranged from 1.82 persons per room in one-room dwellings to 0.9 in 7- to 10-roomed dwellings.
over nine hundred people were recorded as being without any kind of housing.\textsuperscript{201}

Over the decade the region's population had become considerably more urbanized, largely due to the meteoric growth of Broken Hill, whose population was close to twenty thousand by 1891. The pastoral towns and the lesser mining centres seemed insignificant by comparison. Although in the region as a whole 56.7\% of the population was urbanized,\textsuperscript{202} outside the Barrier district\textsuperscript{203} the urban proportion was only 28.5\%, and only eight towns had populations in excess of five hundred. Families which had followed their breadwinners into the west tended to congregate in the towns, where schooling and other services were more freely available than in the purely rural areas. The nine largest towns accounted for only 43.6\% of the adult male population,\textsuperscript{204} but their share of the under-twenty age group was 58.1\% and of the adult female population 63.9\%. This produced a marked contrast in composition between the towns' population and that of the rural areas, especially in their proportion of males. The towns' population was 58.3\%.

\textsuperscript{201} As people sleeping in the open are fairly hard to detect, it is conceivable that this is an underestimate.
\textsuperscript{202} This compares with 65.9\% for the colony as a whole. Both are subject to some qualification as the census' definition of an urban area is extremely liberal and some of the hamlets included in this category would not normally be regarded as urban areas.
\textsuperscript{203} That is, the county of Yancowinna, including Broken Hill, Silverton and the adjacent pastoral area.
\textsuperscript{204} "Adult" is defined here and subsequently as aged twenty years or more. The towns were Bourke, Balranald, Broken Hill, Cobar, Hay, Hillston, Silverton, Wilcannia and Wentworth.
masculine, while in the rural areas males made up 71.3% of the total population and 80.3% of the adult population.

Reflecting the high proportion of adult males in the population, the rate of workforce participation was high; only 45.3% of the population was classified as "dependent". The occupational distribution of the workforce reflected the narrow economic base of western settlement. Even excluding seasonal workers, pastoralism employed 18.7% of the workforce directly. With the opening of Broken Hill, the mining share of the workforce had risen to 18.2%; but outside the Barrier, which accounted for 88.3% of the mining workforce, pastoralism was clearly in the ascendant, its share of the workforce being 29.2% while the copper mines of Cobar, Mount Hope and Nymagee, the remnants of the Corner goldfields and the nascent White Cliffs opal field together employed only 3.4% of the workforce. Apart from pastoralism and mining, domestic service was the largest employment sector, with 12.6% of the workforce; by comparison with the rest of the colony all other major sectors were underrepresented, especially manufacturing, trade, agriculture, transport and the professions. The vast bulk of the western workforce was concentrated in physically demanding manual occupations which offered few opportunities for advancement and even scantier chances of graduating to employer status. Once they had passed their physical prime many workers would lack a secure income; and with inadequate medical services, poor diet, polluted water supplies and the lead-ridden environment of Broken Hill, even some of the younger
denizens of the plains had no future to look forward to.\textsuperscript{205} The one consolation working on the plains offered was a reasonably high cash income; but even this depended on a labour scarcity which would evaporate with the slightest easing of colonial economic growth.

By the latter part of 1891 the rise of urban unemployment and the squatters' importation of non-union labour had plunged the western labour market into a state of chaos which was to last for several years.\textsuperscript{206} With depression general throughout the colonies, displaced western workers, many of them unemployed as a result of their support for the union movement, had few places to turn. Employment in both town and country was disrupted by the collapse of the land boom, the withdrawal of British capital and the cuts in expenditure on public construction. Many unemployed workers went fossicking in time-honoured fashion, but most found the returns meagre; the few new fields which opened up in the early 1890s in the eastern colonies, notably the Wyalong goldfield and the White Cliffs opal field, could not offset the general deterioration of the labour market.\textsuperscript{207} Furthermore, employment in many


\textsuperscript{206} See below pp. 260ff.

established mines was affected by low world metal prices and by financial problems following the banking crisis. Within the west itself, the growth of mining at Broken Hill slowed as metal prices slumped, then employment was reduced by the industrial confrontation of 1892 and subsequent management-initiated staff cuts; and mining at Cobar was virtually at a standstill for several years owing to lack of capital until the mine was handed over to British interests, initially in 1894 on a leasehold basis and later by outright sale. With all this, social dislocation was severe. Wage cuts were widespread in the west as elsewhere; employers were able to take advantage of the deterioration in the labour market to bypass the unions and impose their own terms. For several years the annual influx of would-be seasonal workers far exceeded stations' shearing requirements. Those who failed to find work often experienced severe deprivation, and deaths on the track were numerous; a Pastoralists' Review correspondent callously attributed this phenomenon to the wanderers' lack of bush experience.

The financial crisis caused widespread dislocation. The failure of the Australian Joint Stock Bank in particular was greeted with shock and incredulity in the numerous western towns where it had branches. Several towns were left entirely

210. A.P.R., March 1897, p. 32.
without banking services.\textsuperscript{211} By the time the crashes had run their course the towns were virtually at a standstill. Local governments were severely financially embarrassed, as their annual endowments from the colonial government had been paid just before the closures, and councils had to resort to retrenchments and wage cuts.\textsuperscript{212} Widespread dismissals were also reported from the stations,\textsuperscript{213} and the British Broken Hill Company shut down its mine and smelter.\textsuperscript{214} Even hospitals and benevolent societies had difficulty carrying on with their funds locked up.\textsuperscript{215} Initially local storekeepers provided credit to their customers to keep business moving, but they were soon forced to desist when their own position became precarious.\textsuperscript{216} There was much resentment at the terms of the banks' reconstruction schemes; it was generally felt that depositors were bearing a disproportionate burden while shareholders, who had profited most from the boom period, were not contributing as much as they should.\textsuperscript{217} Depositors were cautioned by the populist press against giving their proxies to the chairmen of the banks, and there was some talk of liquidation being preferable to reconstruction on the terms offered.\textsuperscript{218} But the liquidation option could not be seriously entertained for long, and by the middle of the year

\textsuperscript{211} These included Hillston and Balranald (\textit{Riverine Grazier}, 25 April 1893).
\textsuperscript{212} \textit{Town and Country Journal}, 27 May and 10 June 1893.
\textsuperscript{213} \textit{Riverine Grazier}, 9 June 1893.
\textsuperscript{214} \textit{Town and Country Journal}, 8 July 1893.
\textsuperscript{215} \textit{Ibid.}, 17 June and 8 July 1893.
\textsuperscript{216} \textit{Ibid.}, 1 July 1893; \textit{Riverine Grazier}, 16 and 23 May 1893.
\textsuperscript{217} \textit{Federal Standard}, 6 May 1893; \textit{Silver Age}, 24 May 1893.
\textsuperscript{218} \textit{Federal Standard}, 2 May 1893; \textit{Riverine Grazier}, 6 May 1893.
the westerners were more or less resigned to the fact that they would have to limp through the aftermath of the crisis as best they could.

The pressures initiated by the general depression were sustained in the latter part of the decade by the protracted drought and the financial institutions' consolidation of station management. As flock numbers fell, the demand for seasonal workers in particular became erratic. Permanent hands were retrenched as station managers came under stronger pressure to restrict expenditure, and there were further wage reductions both for station workers and labourers in the towns. But whereas in the first half of the decade the deterioration of the labour market on the plains had been largely due to the indirect effects of general economic depression, the position after 1895 was rather different; the onset of drought was closely followed by the first tentative signs of a wider economic recovery, and in the latter 1890s it was the peculiar problems of western settlement which held the centre of the stage.

Drought gave western life a bitter edge, even at times a nightmarish quality. Summer temperatures were extreme even by local standards; in 1896 a heat-wave in Bourke caused dozens of deaths and sent residents fleeing from the town. Howling dust storms blanketed the region with monotonous

219. See below pp. 293ff.
220. A.P.R., February 1896, pp. 617, 650; Western Herald, January 1896.
regularity, confining the population to their homes, and foot travel on many outback roads became hazardous as waterholes dried up. Water shortages occurred in most of the major towns; as the rivers turned to chains of stagnant pools, residents quarreled over who should use the remaining water.\footnote{221}{Hillston Spectator, 7 and 14 January 1899.}

Pollution of drinking water became a worse health hazard than ever, and each summer brought its epidemic of typhoid and other waterborne diseases.\footnote{222}{See e.g. Kennedy, op. cit., p. 80; Western Herald, 28 March 1896.} At one point the Cobar water supply was declared unfit for human consumption,\footnote{223}{A.P.R., May 1899, p. 125.} and on another occasion the residents of Booligal were moved to protest when the woolscour upstream from the town persisted in using the little that was left of the Lachlan to dump its effluent.\footnote{224}{Riverine Grazier, 19 November 1897.} Fires, always a hazard in the wooden houses of the towns, became almost impossible to control when fanned by the hot summer winds.\footnote{225}{Ibid., 1 February 1898.}

The economic consequences of drought extended far beyond the pastoral industry. Mining was periodically disrupted by lack of water; Broken Hill had problems with its water supply, and in 1902 six hundred men were thrown out of work at Cobar when the water supply to the mine failed.\footnote{226}{On Broken Hill see A.I.B.R., February 1899, p. 99, March 1902, p. 195; on Cobar see A.I.B.R., March 1902, p. 195 and also A.P.R., November 1895, p. 512.}

The river trade ground to a standstill, and many roads became
impassable except to camels. As a result trading patterns changed, becoming increasingly centred on the railways and hastening the decline of the Darling river trading towns, which were already suffering from the plummeting of demand in their west Darling and Queensland hinterlands. This shift, however, left some regions very badly served for transport.

The 1902 drought highlighted these deficiencies. Trade in many parts of the back country was paralysed; there was starvation at White Cliffs, and it was reported that in parts of the region locusts were being sold for food.

It is doubtful whether the bulk of the western population shared in the full benefit of the widespread commodity price decline of the depression years. Rents did fall in the pastoral towns, and artesian irrigation provided a reasonable supply of fruit and vegetables, at least in the north-west. But many commodities which had formerly been locally produced had to be imported into the region, and speculation and manipulation of erratic supplies were widespread, with the result that prices rose across the board as each drought set in. In the latter years of the drought meat supplies were scarce, expensive and often of abysmally poor quality. In Hillston there was no meat to be had in 1899.

228. See R.C.W.D. Summary, p. 40.
229. A.P.R., December 1902, p. 657.
230. Ibid., February 1902, p. 843.
232. See for example A.I.B.R., July 1902, p. 552.
forcing the butchers to close down temporarily; at the same
time their counterparts in Hay took the more creative step of
establishing a cartel to raise prices.\textsuperscript{233} Supplies of wood
for fuel also ran low,\textsuperscript{234} and successive crop failures in the
marginal wheatgrowing areas along the Bogan and in the western
Riverina made it necessary to import wheat; though feed for
stock was carried at concessional rates on the railways, food
for humans was not. And with small traders being forced out of
business the population of the pastoral regions became a
captive market for a few large trading companies which could
indulge in monopolistic practices at will.\textsuperscript{235} In all, the
west in time of drought was a rather unpleasant place to live,
and certainly no place to be unemployed.

Fortunately for the western working class there were
other options. From the middle of the decade onwards urban
employment revived slowly.\textsuperscript{236} Mining activity was also on
the upturn. Within the west, the Broken Hill and Cobar mines
increased their labour force and the White Cliffs opal field
moved into full swing; further afield there was work to be had
on the Western Australian goldfields and at Mount Lyell.\textsuperscript{237}
Several large-scale public works programmes had also been
initiated as unemployment relief; these seem to have attracted

\textsuperscript{233} Riverine Grazier, 13 July 1897.
\textsuperscript{234} Jervis, "North-Western Plains", \textit{op. cit.}, p. 453; \textit{R.C.W.D.
Summary}, pp. 123-5.
\textsuperscript{235} See p. 246 below.
\textsuperscript{236} A.P.R., October 1896, p. 388; Coghlan, \textit{op. cit.}, pp.
2039ff.
\textsuperscript{237} A.P.R., December 1896, p. 495, September 1890, p. 380;
Coghlan, \textit{ibid.}, p. 1942.
some workers of a militant bent, and after a series of industrial actions the relief workers secured for themselves conditions which were rather better than those prevailing on many western properties.\footnote{A.P.R., February 1897, pp. 603-4, June 1899, p. 189, October 1900, p. 478, May 1901, p. 144.} The young, unattached men who had formed such a large part of the western workforce in the 1880s were able to adapt to this changing situation with comparative ease by shifting occupations or leaving the region entirely, and the supply of new recruits diminished substantially.\footnote{See below p. 234n.} This process of adaptation could not re-create the conditions of labour scarcity which had prevailed during the boom; unemployment persisted and seasonal labour was occasionally oversupplied.\footnote{See e.g. R.C.W.D. Minutes, evidence of K. MacKenzie, pp. 53-4; Western Free Press, 2 June 1899.} But the massive labour surpluses of the early 1890s ceased, and by the end of the decade it was becoming apparent that outback wage rates could not much longer be held down to the bare subsistence levels they had reached in the trough of the economic collapse.\footnote{See pp. 302-5 below.}

The changes this wrought in the complexion of outback society are made clear by an examination of the 1901 census results. Rural settlement retreated towards the east; the rural population of the west Darling fell by 34.9% between 1891 and 1901 and that of the east Darling by 15.1%, resulting in a total fall of 22.7% in the rural population of the region. But this was outweighed by a 31.7% increase in the urban population.
population, which produced an overall population increase of about five thousand and an urbanization rate of 69.1%. Though Broken Hill remained the main focus of urban growth, the lesser mining towns of Cobar and White Cliffs and the closer settlement centres of Walgett, Brewarrina, Hillston, Hay and Balranald also expanded, so that in spite of the decline of the Darling River towns the urbanization rate outside the Barrier increased to 47.5%. By 1901 the municipalities housed 56.6% of the adult male population, 70.5% of adult females and 65.3% of the under-twenty age group.

The attenuation of the plains' frontier character becomes clearer when the shifts in population composition, housing standards and workforce participation are taken into account. The outback's status as a male preserve was eroded. The overall masculinity rate fell from 64.5% to 59.0% during the decade, and adult males as a percentage of the total population decreased from 44.4% in 1891 to 37.2% in 1901. The whole of the western population increase was accounted for by the growing numbers of women and children, while the adult male population fell by 9.3% overall and by 27.5% outside the

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242. Now ten in number with the addition of Brewarrina, White Cliffs, although more populous than: Silverton and several of the pastoral towns, was not incorporated as a municipality.

243. The masculinity rate in the rural areas was still 65.4% overall and 73.9% among the adult population, while the towns' masculinity rate was 55.1%. It is noteworthy that the pastoral towns, with the exception of Brewarrina, were closer to an even male/female distribution than were Broken Hill and Cobar, Hay and Balranald even showing a slight excess of females.
municipalities; a small net recruitment of males into the 20-29 age group was far outweighed by net losses in all older age groups.\textsuperscript{244}

As the migratory pastoral workforce diminished and Broken Hill became more solidly established, there was a general improvement in housing standards. Tents made up only 10.8\% of the housing stock in 1901, and dwellings were on the whole larger and less crowded. Though conditions in one and two room dwellings were still cramped,\textsuperscript{245} these smaller houses and tents together only accounted for 13.7\% of the population; 61.4\% of the population dwelt in homes of between three and six rooms at average densities only slightly in excess of one person per room. However, the improvement in housing standards was not unqualified. As local timber became scarce and expensive, new dwellings were increasingly made of iron, never a material noted for its insulating properties.\textsuperscript{246} And although the shift away from the stations meant a reduction in workers' dependence on their employers for

\textsuperscript{244} Taking the progression of each age cohort over the period (so that, for example, the 10-19 age group in 1891 is compared with the 20-29 age group in 1901) there was a net recruitment of about 2,500 males into the 1901 20-29 age group and a loss of about six thousand in the 30-49 cohort. For population shifts in the colony as a whole see N. Hicks, "Demographic Transition in the Antipodes", in Australian Economic History Review, 14, 2, 1974. pp. 131-2.

\textsuperscript{245} Average densities were still in excess of 1.5 persons per room.

\textsuperscript{246} See Blainey, R.B.H., op. cit., pp. 104-5; an increase to 54.1\% in the proportion of dwellings made of wood was due to the depletion of the total housing stock rather than to new construction, while iron buildings' share grew from 8.4\% to 17.1\% over the decade.
housing, it is likely that their opportunity to own their homes in the towns was less in the 1890s than in the boom years. Kennedy found a decline in private home ownership in Broken Hill during the depression, and it is probable that financial crisis and unemployment had similar effects in other centres.

The changing pattern of workforce participation in the depression years reflected not only the decline of the pastoral industry but also a further narrowing of the region's already restricted industrial base. The pastoral workforce fell by 12.3% in absolute terms over the 1891-1901 period, and by 1901 made up only 16.9% of the total workforce; furthermore, the fact that the March census did not include the seasonal workforce, which declined more rapidly than the permanent workforce, probably means that the census results underestimate the extent of pastoral workforce shrinkage. Outside the Barrier district pastoralism remained the most important employment sector, employing 28.7% of the workforce, but the mining sector had grown rapidly to reach 12.9% of the workforce. In absolute terms, this was a 237% increase. When the Barrier district was included, mine employees constituted a startling 27.2% of the region's total workforce.

Agriculture and secondary industry, by contrast, were blighted by the depression. The agricultural workforce, never

247. Kennedy, op. cit., p. 78.
248. See below p. 294.
large, shrank by 14.8% in absolute terms and was only 4.0% of the total workforce in 1901, after drought had dashed the hopes of dryland wheatfarmers along the eastern edge of the region. More importantly, secondary industry underwent a pronounced decline. In 1891 building, manufacturing and other secondary industries had employed 25.3% of the workforce, but by 1901 their share had fallen to 16.9%. The construction industry was among the worst affected; as investment capital dried up and population growth slowed, construction employment plummeted by 41.4% in absolute terms. The motley collection of small-scale industries which made up the rest of the secondary sector similarly felt the effects of falling local demand, shortages of locally-supplied raw materials and the long-term erosion of their competitive position following the extension of the railways.

The services sector was the only area outside mining to show any improvement in employment opportunities over the decade, with its workforce share rising from 28.3% in 1891 to 32.0% in 1901 and absolute increases being registered in each of the subcategories of transport and communications, professional, mercantile and domestic occupations. But this did not presage any substantial improvement in career opportunities,

249. This was not necessarily a continuous decline, as sharefarming became fairly widespread on the eastern edge of the region during the mid-1890s, then lost popularity after crops failed and other employment opportunities improved.

250. This compared with a smaller fall from 29.2% to 26.4% for the rest of the colony.
and certainly did not indicate an embourgeoisement of the western workforce. Domestic servants remained by far the largest single group in the tertiary sector, comprising 41.7% of the tertiary workforce. Professional employment was far below the norm for the colony as a whole, with professionals making up only 14.0% of the tertiary workforce. And, with the solitary exception of the transport and communications area, virtually all the increase in tertiary employment resulted from the entry of poorly-paid female workers into the tertiary workforce; the fact that male employment in the professional, mercantile and domestic areas fell concurrently by 10.7% suggests that women were preferred because of their lower wage expectations at a time when employers themselves were pressured for funds.

The growth of the female workforce also represented another dimension of declining per capita earnings. While the total workforce fell in absolute terms by 3.1% over the decade and the male workforce diminished by 7.2%, female workers grew in number by 31.1% to reach 14.6% of the total workforce. This marked no liberalization of female employment opportunities - over sixty per cent of the female workforce was still in domestic service - but was linked to the increasing proportion of women in the population as a whole. And while wage cuts, unemployment and the replacement of male by female workers were depressing the average level of earnings, per capita earnings fell still further as a result of a 21.8% increase in the dependent population which, coupled with the shrinkage of the workforce, produced a fall in workforce participation rates.
from 54.7% in 1891 to 49.0% in 1901. The independence on which the apparently reckless affluence of the frontier workers had been based in earlier decades was thus increasingly hedged around by the demands of domestic life. It is ironical that the very years in which the literary celebration of the bush ethos reached its ascendant also witnessed the dispersal, domestication and impoverishment of many of that ethos' erstwhile standard-bearers.

Yet the western districts at the close of the depression were more than ever a working-class domain. The tide of prosperity in the 1870s and 1880s had buoyed up a small local petty-bourgeoisie, principally comprising small landholders, contractors and traders. With soaring pastoral land prices, rags-to-riches stories of the Tyson mould had become a thing of the past and the scope for social mobility had been severely circumscribed. However, only a small amount of starting capital was required to become a construction contractor or buy at least a part-share in a bush store, public house or bullock team. The 1884 Land Act had also permitted small investors to circumvent the high land prices ruling in the private market, and homestead leases were widely taken up both for "legitimate" full-time grazing and for use in conjunction with other enterprises such as carrying, butchering and stock-dealing. Each town had its little group of stock and station agents, urban landlords and traders, many of the last-mentioned being riverboat-owners as well as retailers; together with local professionals, public servants, bank managers and middling rural landholders, these constituted a self-
consciously respectable stratum of citizens who, until the rise of the union movement, held a virtual monopoly over municipal affairs.

During and even after the boom years, the political and economic interests of the smallholders and those of the more prosperous townspeople tended to coalesce. Their relations with the squatting interest were highly equivocal. The local commercial classes were far from being mere minions of the squatting interest. For many local traders, the demand generated directly by the stations constituted a fairly small part of their business. Many stations preferred to place bulk orders with large metropolitan suppliers rather than contend with the capriciousness of local prices, leaving local retailers to cater for the townspeople, smallholders and such of the pastoral workers as were not supplied by the stations themselves.\textsuperscript{251} With the exception of construction contractors, stock and station agents and other entrepreneurs who dealt principally with the large stations, the western petty-bourgeoisie saw its interest as lying with the success of closer settlement rather than with the continuing ascendancy of the large squatters. Many entrepreneurs also harboured landed ambitions which could not be realized while the squatters controlled the availability of land. The urban traders and smallholders therefore clashed repeatedly with the squatting

\textsuperscript{251} See e.g. A.P.R., November 1895, p. 507; Jandra papers 16/22/6/95; R.C.W.D. Minutes, evidence of D. Hatten, p. 11, K. MacKenzie, pp. 53-4, S. Moses p. 65, R. Symes p. 476.
interest on the closer settlement issue. Some of this feeling carried over into support for the pastoral workers against their employers in the strikes of the early 1890's. The labour movement's inveighing against bankers and monopolists struck sympathetic chords in the closer settlement lobby, and traders who catered principally for the working class were not inclined to risk their clientele for the sake of standing on their honour as employers. These political alignments indicated the extent to which the interests of the local petty-bourgeoisie were dissociated from those of the squatting lobby. The depression was to reveal how tenuous was their hold on economic independence.

Many of the hopes vested in closer settlement were dashed by the depression. For the western homestead lessees, the new decade had opened badly with the 1890 Darling flood, which played havoc on the smallholdings clustered along the river frontages. In the years of low prices, financial stringency and drought which followed, the ranks of the smallholders were severely thinned. The size of their holdings restricted them greatly in the drought as, unlike the squatters and the companies, they were unable to move their stock around over large areas to catch sporadic thunderstorms. Smallholding on the river frontages also had its problems, as decades of heavy grazing pressure had left the frontages devoid

252. See e.g. A.I.B.R.; December 1899, p.873; A.P.R., June 1892, p. 696.
255. A.P.R., June 1896, p. 199.
of drought-resistant edible shrubs, and, in the north-west especially, frontage smallholdings were overrun by dense stands of inedible scrub in the wake of the 1890 floods. Heathcote has found that smallholders' stock losses during the 1890s were heavier than squatters' in the Warrego district, and it is probable that this was the case in the western districts as a whole. For many smallholders, lacking the capital reserves or the access to cheap credit to restock, any reverse was sufficient to necessitate the abandonment of their holdings. These men went back onto the labour market, leaving their holdings to their creditors, leasing the grazing rights to nearby landholders or forfeiting the land outright. Even some of the more prosperous graziers who had assembled medium-sized composite holdings out of several homestead leases went to the wall under the strain of low returns and mounting debts. Perhaps worst affected were the west Bogan and western Riverina smallholders who had taken inferior Central Division lands under conditional purchase, only to face more stringent restrictions on the area they were permitted to take up and heavier annual payments to the Crown than smallholders on similar Western Division land. Too heavily committed to throw in their holdings but unable to sell for a reasonable price, selectors on inferior lands mounted a vigorous campaign

256. See R.C.W.D. Summary, pp. 10-11.
257. Heathcote, Back of Bourke, op. cit., p. 146.
258. Ibid., pp. 139-141; R.C.W.D. Summary, pp. 18-22.
259. See e.g. Pitt, Son and Badgery papers, 10/2/9, 10/3/1; R.C.W.D. Minutes, evidence of C. Singleton, pp. 22-3, J. Cousins, pp. 42-3, T. Bossley, pp. 164-5.
for state loans and called for their installments to be deferred until the drought broke; but relief, when it came, was too little and too late for many smaller selectors. 261

By the turn of the century the squatting lobby was loudly proclaiming closer settlement in the west to be an abject failure and calling for a halt to the further subdivision of holdings. Certainly the aims of the legislators who had introduced provision for closer settlement had not been fulfilled. The desert had not been made to bloom; on the contrary, it had reasserted itself in an aspect even more terrible than before. Would-be yeomen were scattered to the winds, droving in Queensland, mining in Western Australia, working for the squatters and financiers whose grasp they had hoped to elude. Even those who remained on their blocks were agitating for the relaxation of residence conditions so that they and their families could escape an existence which was arid in every sense of the word. 262 And, with much of the land set aside for closer settlement having reverted to the control of the squatters or having been taken over by finance houses, little was left of the populists' vision of unlocking the lands.

But among all this, new patterns of settlement were emerging which would not have been possible had the squatters retained landed control. If the Land Act of 1884 had not

262. A.P.R., October 1900, p. 509; R.C.W.D. Summary, pp. 101-2.
achieved its aim of closer settlement it had, much to the squatters' chagrin, permitted a new, rival group of pastoral capitalists to set themselves up without incurring the entry costs imposed by the older squatting clique. This emergent group of wealthier smallholder families benefited as much as did the squatters from the abandonment of others' selections and homestead leases.\textsuperscript{263} By allocating closer settlement blocks among the various family members and taking out grazing rights over additional areas, medium-sized graziers had assembled holdings ranging in size up to fifty or even a hundred thousand acres.\textsuperscript{264} Many of the graziers had sufficient capital to invest in flock improvement, especially at the depressed stock prices of the 1890s. By the latter years of the drought several were making their marks in the colonial and English wool sales with clips yielding as high a price as the best of the squatters' flocks.\textsuperscript{265} Most of the prosperous graziers were, however, concentrated in the north-eastern corner of the region and around the western Riverina.\textsuperscript{266} West of the Darling and on the dry central stretch between the Lachlan and the Darling, woolgrowing alone could provide only a bare and erratic livelihood, and the smallholders who had stayed on had usually developed alternative sources of income.

\textsuperscript{263} See e.g. R.C.W.D. Summary, p. 20.
\textsuperscript{264} A.P.R., April 1893, p. 74, November 1897, p. 534, September 1900, p. 451, October 1900, p. 477; Buxton, \textit{op. cit.}, pp. 244-5; Coghlan, \textit{op. cit.}, p. 1979; Hardy, \textit{op. cit.}, p. 187.
\textsuperscript{265} See e.g. A.P.R., November 1896, p. 479.
Indeed, by 1900 western smallholdings were being put to a variety of uses which could scarcely have been foreseen by those who framed the 1884 Land Act. Many homestead lessees were concentrating principally on supplying the western towns with meat; a few, even as far west as the Barrier, were dairying with irrigated or imported fodder. On the eastern fringe, extending some way into the Western Division, wheat-growing was practised with highly variable results, many crops being eventually used as fodder. But, perhaps more important, smallholdings were being increasingly employed by local businessmen in association with their other enterprises. Butchers and stock dealers in particular used homestead leases as staging posts on which stock could be held until ready for slaughter or sale, and teamsters and mail contractors took up holdings to assure their draught animals of water and pasture. Even used in these ways individual homestead leases on inferior land without easy access to a town were not a paying proposition during the drought years, and many homestead lessees found themselves earning money in business or outside employment only to spend it on their smallholdings.

All this was a far cry from the economically self-sufficient small-scale woolgrowing envisaged by the proponents.

of the 1884 Land Act, and by the time the Royal Commission began its investigation into the position of the Western Division lessees there was mounting pressure for the upper limit on the size of individual smallholdings to be relaxed and made more flexible according to the sheep-carrying capacity of the land, so that homestead lessees would be able to run a sufficient number of sheep to provide them with a living.\footnote{272} The remaining smallholders also campaigned vigorously against the Lands Department's practice of offering abandoned land in large areas as improvement leases, many of which were taken up by pastoralists and finance companies, rather than throwing it open to closer settlement.\footnote{273} The Royal Commission's report and the subsequent Western Lands Act, as well as providing for rent reappraisements and lease extensions, adopted the suggestion that homestead leases be enlarged where possible and their size based on the carrying capacity of the land rather than on any arbitrary maximum area.\footnote{274} But the smallholders' claims that they could make better use of the abandoned lands than the squatters and companies were greeted with scepticism, and the practice of letting abandoned areas as large, long-term improvement leases persisted.\footnote{275} In any event, the concessions which were granted to the homestead lessees constituted little more than belated tampering with a legislative framework

\footnote{272}{R.C.W.D. Summary, pp. 31-39.}
\footnote{273}{R.C.W.D. Minutes, evidence of M. Good, p. 25, C. Conway, p. 35; see also Hillston Spectator, 7 May 1898.}
\footnote{274}{A.P.R., December 1901, p. 688; Heathcote, Back of Bourke, op. cit., pp. 74-5; R.C.W.D. Report, pp. xvi-xvii; Roberts, op. cit., p. 295.}
\footnote{275}{R.C.W.D. Report, p. xii.}
which had proved to be incapable of redistributing and dispersing land ownership so as to lay a secure foundation for wide participation by smallholders in the western pastoral industry.

Small entrepreneurs in the pastoral towns and rural areas could not long survive the diminution of local demand which followed the fall in workers' and smallholders' earnings and the lapsing of investment in pastoral improvements. In the river towns the problem was exacerbated by the halting of the river traffic, which forced trade to be reoriented towards the railheads. By the end of the drought the remaining river trade was concentrated in the hands of a few large companies, notably Rich and Co. in the north and Permewan Wright around the southwest. 276 Business in the small pastoral hamlets was severely affected by the fall in rural labour demand, and in the latter years of the drought many country stores were only limping along on the strength of the trade in artificial feed. 277 Local companies also lost custom to metropolitan retailers, who aggressively promoted their mail order services. 278 And with


town rents falling, houses lying vacant and the markets for stock and land in the doldrums, many smaller entrepreneurs lost their customary sources of speculative gain and, like the smallholders, were forced to sell their labour for a living.

These phenomena of depression were by no means confined to the western districts. A similar polarization of income and concentration of economic control occurred throughout the colonies over the decade. But the western districts of New South Wales, along with the equivalent pastoral regions of Queensland and to a lesser extent South Australia, experienced losses of exceptional severity and duration. Even the eventual recovery was halting and partial; there was no semblance of the enthusiasm which had marked the early 1880s. This was partly attributable to the physical losses sustained by the region as a result of more than a decade of over-exploitation of the pastoral resource base; flock numbers never again approached the peaks of the early 1890s. It was also an outcome of the intensification of external control over production in the western districts during the depression. The boom of the 1880s had produced only a tiny, fragile middle class within the west itself; earnings had been exported to, and investment capital imported from, the colonial capitals in the first instance and Britain in the second. When capital was concentrated during the depression, therefore, few westerners were numbered among

the inheritors. Control over the established pastoral infrastructure was transferred to interests based outside the region, whither the rising earnings of the post-depression years were in turn exported. Nor did the new masters of outback squatting show any inclination to indulge in the profligate capital investment which had marked the early 1880s. The western districts settled quietly down to being an economic and social backwater, more than ever before a sheep-walk and quarry for the benefit of absentee capitalists.
CHAPTER 7

From Confrontation to Attrition: Class Organization and Conflict 1886 - 1902

One of the first products of the looming pastoral depression in western New South Wales was a sharpening of class antagonisms which, beginning in the mid-1880s, culminated in open conflict in the early 1890s. By 1886 western pastoralists, reeling from the effects of drought and the cost-price squeeze, were beginning to cast about desperately for ways of increasing the monetary returns from their stations. Many factors in the equation were beyond their control. They could do nothing to reverse the long-term fall in wool prices, interest payments were a burdensome but inescapable fixed cost and, with rabbits launching a major offensive after the drought, a substantial increase in expenditure on vermin destruction was imminent. The squatters had to make the most of the few options open to them; these included raising production by lifting stock densities, lobbying the Crown for more favourable lease conditions and cutting expenditure on wages.

Several western pastoralists appear to have believed that a wage reduction would be the simplest to effect. Accordingly in April 1886 seventeen pastoralists, all but one of them from the north-west, placed a blunt advertisement in the Australasian informing shearers that henceforward they should expect to be paid only 17/6, rather than the usual 20/-, per hundred sheep shorn on the signatories' stations.¹ The

¹. Australasian, 3 April, 1886.
advertisement was republished on subsequent weeks, and by the end of June forty-six squatting runs were on the list, forty-four of them in western New South Wales.\(^2\) The bald manner in which the wage cuts were announced indicated the squatters' implicit faith that their word as employers would have the force of a decree. They were quickly disillusioned by the surge of union activity which their ill-advised action precipitated.

**The Rise of the Western Unions**

The shearers responded to the threat of wholesale wage reductions with an immediate display of unexampled solidarity. Having organized themselves into a union in Bourke, they set out for Nocoleche and Dunlop, two of the stations where reductions were threatened, and refused to work until the managers agreed to "pay the pound".\(^3\) At Dunlop the strike lasted for several weeks and the strikers had to be sent supplies by other shearers after the manager refused to supply them with rations;\(^4\) but eventually the squatters were forced to concede to their demands.

This signal victory spurred on the move towards unionism. Early in 1887 delegates from the various local

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3. *Ibid.*, 19 June 1886. Other accounts of the action are given by Hardy, *op. cit.*, pp. 212-3 and Ward, *op. cit.*, pp. 214ff. It appears that the shearers' militant attitudes persisted through the season, as in October they refused to work under the station agreement at the Meadows, in the Cobar district (M. Welsh, Diary, 18 October 1886).
4. W.G. Spence (History of the A.W.U., Sydney, 1961, p. 11) puts the duration of the strike at nine weeks; Hardy (*ibid.*., p. 213) places it at seven.
unions met in conference to form the Amalgamated Shearers' Union (A.S.U.) with W.G. Spence at its head. The shearers then went onto the offensive, plumping for a 20/- rate throughout New South Wales rather than only in the western districts. By mid-1887 the union was claiming a membership of fourteen thousand, and in the shearing season of that year further concessions were secured. After strikes at various stations in the western Riverina and around Ivanhoe, local squatters agreed to raise the rate from 17/6 to 20/-, to modify some penalty provisions and to improve station accommodation for the shearers.

In New South Wales as in Queensland, the western districts quickly emerged as a union stronghold, and most of the A.S.U.'s decisive battles were fought in the early shearing sheds of the outback runs. A number of factors probably contributed to this. As Merritt has suggested, shearers may have been willing to engage in industrial action at the beginning of the season because it left them with a chance to make up their lost earnings later on. From the union's point of view it was also tactically advisable to concentrate on the early sheds, as success there might induce pastoralists elsewhere to accept the A.S.U.'s terms for the rest of the season. But

5. Australasian, 22 January 1887.
6. On the reasons for the higher western rate see Merritt, op. cit., pp. 595-6.
7. Australasian, 28 May 1887.
8. Ibid., 20 August 1887, 27 August 1887; Merritt, op. cit., p. 597.
9. Ibid., p. 597.
above all, the isolation of the outback sheds was a boon to the A.S.U. organizers.

Even after the railways to Hay, Bourke and Broken Hill were opened, the journey to the outback runs was formidable enough to deter the man who was only an occasional shearer, and within the region itself Broken Hill, the only large population centre, was hardly a prime source of non-union labour. The men who shore in the west were therefore more likely to be shearers first and foremost who would identify with the union more readily than the casual workers common further east. In the hot-house environment of a shearers' hut on a western run union discipline could be enforced by powerful informal sanctions with little fear of legal retribution. And if a confrontation with the employer did occur, strike-breaking labour was hard to get and slow to arrive, especially when the local population was sympathetic to the union.

Furthermore, the western shearers were not merely, as their opponents would have it, being led astray by "the pernicious counsels of a few violent and self-interested agitators." The A.S.U. catalysed grievances both old and new. Cramping in the huts, high store prices and lack of sanitation were long-standing problems; but in addition the shearers, like some other bush workers, seem to have felt that their working conditions were deteriorating. This sentiment

10. On Broken Hill unionism see below pp. 277ff.
was succinctly expressed in a Queensland sheepwasher's song:

"When first I took to the Western track, 'twas many years ago
No master then stood up so high, no servant stood so low;
But now the squatters, puffed with pride, do treat us with disdain.
Lament with me the bygone days that will not come again.
I had a pair of ponies once, to bear me on my road;
I earned a decent cheque at times, and blued it like a lord.
But lonely now I hump my drum in sunshine and in rain,
Lamenting on the bygone days that will not come again."^{13}

The slower pace of station development after the initial boom produced some decline in wage earnings. The severe labour shortages which had induced employers to pay bonuses above the 20/- rate simply to get the shearing done were a thing of the past by the mid-1880s.^{14} Opportunities for work in the west during the off-season had been reduced by the slowing of construction work and the discontinuation of the scalp bonus system for rabbiters in 1888.^{15} The increased volume of sand and burr in the fleece consequent on pasture deterioration probably slowed the shearers' earning rate, and as overstocking and rabbits took their toll of western pastures it became commonplace for shearing to be delayed because of sheep being too weak to muster. Such delays disrupted the shearer's run of sheds and often rendered wasted the effort invested in tramping to the outback stations.^{16}

15. See Rolls, op. cit., pp. 70-1, 89-90.
There was also a lot of scope for employers to cut costs without overtly reducing wage levels. The docking of wages for early departure, liberal use of the "raddle" to penalize shearsers for supposedly injuring the sheep, and the raising of store prices all reduced shearsers' effective earnings. Furthermore, the employer had a strong interest in having the shearing finished quickly to avoid missing the rise in the river, to minimize the cost of shed hands' weekly wages and to reduce the time the stock had to spend mustered close to the sheds. This could only be achieved at the shearsers' expense, by raising the number of stands and therefore reducing individual shearsers' earnings, or by increasing the number of hours worked. Employers were also likely to be intolerant of delays arising from claims that the sheep were wet. During the boom years simple labour scarcity had curtailed the employers' ability to exercise their powers over their workers. But the shearsers feared a general crackdown on wages and conditions, especially one spearheaded by the financial institutions, in the wake of falling prices and rising debts. In the Hummer's words, "It is notorious that the old-time squatter, who wasn't under the thumb of the bank, was a better man than the present squatter who is mortgaged to the eyebrows." The prospect of such a crackdown spurred a systematic assertion of the workers' collective bargaining rights against the prevailing paternalism.

17. Hummer, 16 January 1892.
Unionism's base of support in the west was broadened by popular resentment at the growing power of outsiders over the regional economy, the accompanying demise of the self-employed operator in several fields and the colonial government's apparent indifference to the region's needs for even the most basic services. The rise of the A.S.U. was paralleled by the growth of unionism in other industries, notably mining and transport. Both were industries in which the rise of large companies had reduced self-employed men to wage labourer status over the decade. The miners were second only to the pastoral workers in numbers, and in Broken Hill the Amalgamated Miners' Association was claiming a membership rate of over eighty per cent by 1889. The carriers were smaller numerically and, after an attempt to unionize in 1885 came to nothing, they did not organize until the end of the decade, but they were well-placed for bargaining because of the essential nature of the services they provided.

The unions also received support from tradesmen and petty businessmen whose own livelihoods were dependent on the prosperity of the labouring classes. In the early 1890s it was reported that publicans, storekeepers and even newspaper proprietors were joining the A.S.U. Within the country towns the A.S.U. showed little hesitation in sponsoring the

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19. See above p. 224.
22. A.P.R., February 1893, p. 1070.
cause of workers in other occupations; in Bourke, for example, the eight-hour day for shop-workers was enforced by the boycotting and public ridicule of storekeepers who kept longer hours, and the A.S.U. was instrumental in assisting the shed hands and carriers to organize. There were even moves to establish a domestic servants' union in Broken Hill.

The unions' opposition to Asian labour also found sympathy among white town-dwellers. Their prejudice against the use of Chinese labourers for unskilled work complemented the "respectable" white townspeople's dislike of the Chinese, who dwelt on the fringes of several western towns and were suspected of every vice from opium-smoking to abducting white women. In the case of Bourke an extraordinary alliance between the townspeople and the carriers' union succeeded in restricting access to the town by the local "Afghans" and their camels, which the townspeople disliked for their smell and the carriers for their cheapness and their use in breaking strikes. Unionists and townspeople were also united in their opposition to absentee's and urban capitalists' siphoning off their profits from the region without deigning to live there. The bush unions emerged as the one indigenous

23. Hummer, 13 August 1892.
26. The Riverine Grazier, in particular, carried extensive reports of the local Chinese community's foibles. Cf. the Hummer's description of the Chinese as "dirty leprous, opium eating brutes" (9 April 1892) and N.S.W. Legislative Assembly, Votes and Proceedings, 1883-4 vol. 9, pp. 659-66.
27. A.P.R., November 1892, p. 902; October 1893, p. 361.
28. See e.g. Hummer, 28 May 1892.
expression of political and economic aspirations for a region which hitherto had largely been represented in parliament by absentee.29 As Kennedy describes the situation in Broken Hill, by 1889 the union was assuming the role of "defender of local and regional interests against Melbourne-based companies and the far-off state government", becoming the standard-bearer in the struggle "between the Barrier and its remote, impersonal exploiters."30 At its peak the union movement in the west possessed the moral force of a revolt against outside domination.

After its initial thrusts in 1886 and 1887 the A.S.U., under Spence's leadership, fostered a respectable image, emphasizing conciliation rather than confrontation in its dealings with the pastoralists. There were still occasional strikes when squatters refused to accept the very moderate terms of the A.S.U. agreement;31 but in general the A.S.U. attempted to get the pastoralists to negotiate over the terms of agreement before the shearing season started rather than risk disruption later in the season.32 A.S.U. organizers were eager to foster the development of squatters' associations to expedite the bargaining process, and a few local groupings of pastoralists did emerge for this purpose,33 but on the whole

29. See e.g. Kennedy, op. cit., pp. 28-9; Federal Standard, 23 April 1898 and 16 July 1898.
31. Text is given (inter alia) by Riverina Recorder, 1 October 1890; on strikes see Australasian, July 1888 passim.
32. Australasian, 4 February 1888, 30 June 1888.
agreements were made at the level of the individual station. Thus in Cobar rates for the 1888 season were negotiated between the A.S.U. and a group of large local landholders, while in the same year numerous Bourke district squatters, even including some original signatories to the 1886 advertisement, individually accepted the agreement.

Few squatters were in a position to resist the union. Rural labour was still scarce over much of the region, as in the colony generally, during the shearing season. Non-union labour was hard to recruit locally except on the eastern fringe of the region, and there were few instances of squatters' successfully importing non-union labourers from the cities. By 1890 the vast majority of western stations were shearing under the A.S.U. agreement, and by bush standards the A.S.U. had become a mass movement, with a total membership of twenty thousand.

But the A.S.U.'s hopes of assuring itself of a permanent role in collective bargaining were frustrated by a recalcitrant minority of squatters who refused to recognize the legitimacy of A.S.U. spokesmen and were determined not to

35. Those who changed their stance included the Hebdens of Wanaaring and Robertson of Jandra, Gundabooka and Wapwellah (Australasian, 7 July 1888).
38. One example is given in ibid., 27 August 1887; this was in the comparatively accessible western Riverina.
40. Merritt, op. cit., p. 596.
surrender any of their power over their employees. With unemployment looming as a threat to the shearing organization after the Victorian collapse in 1889, the A.S.U. needed to secure a closed shop as soon as possible; but in the absence of an employer association which could force the diehards to the conference table, this could not be achieved by negotiation. Nor could a unilateral shearer's strike achieve the desired aim. The strategy of negotiating with individual pastoralists had left the A.S.U. in the invidious position of being able to engage in strike action only at the expense of employers who were shearing union, leaving the anti-union employers of the central and eastern districts safe with their non-union workers. The shift in tactics which led up to the 1890 maritime strike constituted a tacit admission that the A.S.U.'s earlier strategy was bankrupt. The A.S.U. leaders set out in the first half of 1890 to construct a network of alliances centred on the Sydney Trades and Labour Council in the hope that the threat of industrial action on a wide front to block the export of non-union wool would induce the recalcitrant pastoralists to recognize the union. But the A.S.U.'s attempt to have other unions implement membership sanctions on its behalf instead gave the squatters the impetus to organize themselves in opposition to the union.

If Spence believed that the A.S.U. would be able to establish a closed shop without provoking a confrontation, he was seriously overestimating the squatters' willingness to conciliate. It is open to question how far the pastoralists who accepted the A.S.U. agreement had actually recognized the union as a permanent institution, and how far they were merely making a virtue of necessity, minimizing disruption until labour market conditions turned in their favour. While the emphasis was on negotiation between individual employers and the union, negotiation did not imply any long-term commitment to recognizing the union, and the anti-unionists' refusal to co-operate prevented the A.S.U. from establishing control over all sheds. The moderate pastoralists could therefore accept the A.S.U. for the present, secure in the knowledge that if and when they decided to draw the line they would have the anti-unionists' support.

By 1890 a growing number of pastoralists were inclined to draw the line. Urban unemployment was rising and the effects were filtering through to the rural areas. Wool prices had slumped and the western districts were facing a depression, making squatters reluctant to accept any further union demands. Furthermore, the pastoralists had a new and potent weapon, in the shape of a cheap and efficient shearing machine. Though there was much debate as to whether the machines

were as fast as blade shears in the hands of a competent shearer, it was early recognized that the machines required less training and effort to use than hand shears. As their inventor put it, "the greatest benefit [machine shearing] confers is that it makes the employer to a great extent independent of skilled labour." Anti-union squatters led the field in installing the machines, and shearers greeted them with suspicion. There was an elementary recognition on both sides that the machines had the potential to break the skill monopoly on which the shearsers' bargaining strength was based.

Under these circumstances it was unthinkable that the squatters, when they finally began to organize, would saddle themselves with a permanent obligation to give employment preference to A.S.U. members and exclude non-members. The squatters' associations which emerged in mid-1890 were founded on a determination to resist any such agreement. Between May and July 1890, Pastoralists' Unions were established in Victoria and New South Wales, each including a number of western New South Wales landholders and enjoying the support of the troubled pastoral finance companies. In Victoria, Young of the A.M.L.F. spent much of his visit to the colonies in organizing the Victorian pastoral interest. His initial circularization of squatters produced only a small response in May, but

45. A.P.R., May 1893, p. 118.
the Pastoralists' Union was established nonetheless and proceeded to seek negotiations with the A.S.U. The negotiations foundered when Spence insisted on acceptance of the closed shop, and in August Young and his associates called another meeting to seek a mandate to resist the union. In an atmosphere of deepening conflict two hundred pastoralists turned up to hear Young, from the chair, berating the A.S.U. and informing them that "it behoved them as pastoralists to see that shearers were not coerced into joining a union which would infallibly be used in the future to extort inequitable and unreasonable terms from pastoralists." The meeting squarely centred the issue on freedom of contract and the anti-union tone of the association was set.  

In New South Wales sporadic attempts had been made to establish squatters' associations in various districts in the late 1880s, and there had also been some unsuccessful moves to set up a colony-wide association before 1890. The Pastoralists' Union which was set up in Sydney in July of that year included several local associations and other squatting lobby groups. Members of the new association were drawn predominantly from the eastern districts, with only a few Cobar squatters and a handful of absentees and finance companies with western interests present.  

47. Proceedings quoted in Age, 21 August 1890. For a general outline of the events of these months see Rickard, op. cit., pp. 10ff.  
50. Ibid., pp. 547, 548, 553.
played an active role in the first meeting, the tone of its resolutions was moderate. The meeting agreed to negotiate with the A.S.U. on the basis that contracts for 1890 would be unaffected, but in the following season members would accept the A.S.U. agreement and permit their shearers to join the union "if they so desired". This did not, however, mean that the closed shop would necessarily be operative in 1891, as Nairn has claimed it would. There was no provision for enforcing the closed shop; the Pastoralists' Union commitment fell far short of an undertaking to give preference to unionists, and the association's ability to induce its own members, let alone the host of non-members, to employ unionists was open to considerable doubt. In any event, Spence rejected the pastoralists' resolutions, preferring quick gains through direct action to an uncertain concession in the following season. His manifesto calling for a boycott of non-union wool and the large-scale strikes which followed put paid to any further talk of conciliation by the pastoralists.

In the west the atmosphere at the start of the shearing season was pacific. The vast majority of sheds were shearing under the A.S.U. agreement. Even after the boycott of non-union wool was called the local A.S.U. officials

51. For example, the motion to establish the pastoralists' union was moved and seconded by hard-liners.
53. See Merritt, op. cit., p. 605; Rickard, op. cit., p. 30.
54. On Spence's possible motivation, see Merrit, ibid., pp. 604-5.
56. See account in Town and Country Journal, 3 May 1890.
in the western Riverina maintained a conciliatory attitude. Squatters were circularized to warn them of the boycott, and the union went on to explain that the boycott had been called because "those who now combat our aims do so on the question of unionism versus non-unionism and we have determined at any cost to assert our right to combine." There was some unease around Hay, where a few river squatters were shearing non-union and the police, fearing retaliation, were patrolling the river nearby. There were also stirrings among the carriers; the Bourke carriers' union was set up early in August and the Hay carriers' union affiliated with the Trades and Labour Council, both emphasizing the need for solidarity with the shearsers. The A.S.U. itself announced that fines and expulsions would be imposed on members who shore under non-union agreements or worked against the interests of the union in other unspecified ways.

But for several weeks after strikes were sparked off in the port cities by the maritime dispute, the western districts were virtually unaffected and the wool issue was pushed into the background. The western unionists saw their main role as being to provide financial assistance to their striking allies. Contributions were forthcoming on a generous scale; by the end of August the A.S.U. had raised ten thousand

57. Riverina Recorder, 6 August 1890.
59. Ibid., 2 and 9 August 1890.
60. Ibid., 6 September 1890.
pounds and the Amalgamated Miners' Association £7,500.\footnote{Ibid., 30 August 1890. Broken Hill miners raised £500 in the first week (Kennedy, op. cit., p. 59).}

Only inBroken Hill did the maritime strike have a direct effect before mid-September; even there, the initiative came not from the unions but from the B.H.P. board, which on September 5th ordered that the mines be closed.\footnote{Kennedy, ibid., pp. 59-60.} The residents of Broken Hill were infuriated at this provocative action; there was an immediate run on the banks and a Labour Defence Committee was set up to assist the miners and to attempt to sway the resolve of the directors by personal negotiations.\footnote{Kennedy, loc. cit.; see also Silver Age, September and October 1890, passim, Town and Country Journal, 13 September 1890.} Otherwise, until the A.S.U. unexpectedly decided to display solidarity with the other unions by issuing a strike call on September 19th,\footnote{Town and Country Journal, 27 September 1890.} the industrial harmony of the western districts contrasted sharply with the clashes proceeding in the cities.

With the strike call the A.S.U. leadership found itself trapped by the very dilemma it had initially tried to circumvent by enlisting the assistance of other unions. Many employers of union labour were greatly aggrieved that they were penalized by a seemingly arbitrary decision of the union leadership in spite of the fact that they had played no part in the confrontation. In the short term some employers put up no resistance to the strike; there were even reports of squatters'
employing strikers as rabbiters for the duration. But a number of employers refused to take union men back when the strike was called off, and several squatters prosecuted strikers for breach of contract. A few of these cases were withdrawn when the men returned to work, but some employers were implacably incensed and pressed on with the charges. In the longer term the strike vindicated the hard-line employers' assertion that the union could not be trusted, and by the next season the employer goodwill on which the A.S.U. depended had largely evaporated, to be replaced by a determination to avoid employing unionists if possible.

From the shearers' point of view the short-lived display of solidarity was inordinately costly. The manner and timing of the strike call could hardly have been worse. By insisting that strikes take place simultaneously on all stations in mid-season, the A.S.U. executive lumbered those shearers whose sheds were on the point of cutting out with disproportionately heavy penalties. From the Corner country to the western Riverina, shearers with only a few days to go were penalized for early departure in proportion to the time they

65. Riverine Grazier, 3 October 1890.
66. Ibid., 17 October 1890; Town and Country Journal, 18 October 1890.
67. Riverina Recorder, 8 October 1890; Riverine Grazier, 10 and 17 October 1890; Town and Country Journal, 11 October 1890.
68. Piggin, op. cit., pp. 556-7; Riverine Grazier, 10 October 1890.
69. Piggin, ibid., p. 555.
had already worked. Those who were prosecuted incurred even heavier costs, as the courts ruled that the punitive provisions of the Masters and Servants Act took precedence over the less severe penalties in the A.S.U. agreement, and declared all wages forfeit.

If testimony were needed of the shearers' loyalty to the union, it was provided by the overwhelming response to the strike call. It was estimated that in total thirty-five thousand shearers and shed hands participated in the strike, and there was great excitement in the western towns as shearers flocked in from neighbouring stations. But a few sheds refused to go out before the shearing was completed, and some shearers participated through a sense of duty, or from a feeling that it was "as well to be fined by the Bench as by the union", rather than out of any enthusiasm. The carriers were less solid; though the Bourke carriers stopped work, the Riverina and Balranald carriers resisted the suggestion that they break the season's contracts. And strike camps had

70. Australasian, 8 November 1890; Riverine Grazier, 3 and 21 October 1890. Under the ASU agreement, shearers were required to pay 18/- per week for board if they departed early.
71. Piggin, op. cit., pp. 555-6; see also Australasian, 4 October 1890; Bulletin, 29 November 1890, p. 5.
72. Town and Country Journal, 4 October 1890.
73. Riverina Recorder, 1 October 1890; Riverine Grazier, 3 October 1890.
74. Riverina Recorder, loc. cit.; Riverine Grazier, 30 September and 14 October 1890.
75. Riverina Recorder, loc. cit.
76. Australasian, 8 November 1890; Riverine Grazier, 3 October 1890; Town and Country Journal, 27 September 1890.
77. Riverina Recorder, 1 October 1890; Town and Country Journal, 27 September 1890.
barely been formed when the men were inexplicably ordered back
to work, ostensibly to pave the way for a conference with the
employers. The impression left in the minds of many
western observers was one of a union leadership which had
abused the shearers' trust for its own ends.

The apparent confusion of the A.S.U. leadership
contrasted markedly with the employers' decisive and increas­
ingly aggressive reactions to the boycott. Even before the
maritime strike had started, the Victorian Pastoralists' Union
imposed a boycott of its own, persuading the wool houses to
ship wool only in vessels which employed non-unionists. By
the time the strike started it was evident that the employers
had no intention of backing away from a confrontation. There
were moves from several sides to establish an intercolonial
employers' association to organize resistance to the strikers.
Young foreshadowed the idea in his address to the Victorian
Pastoralists' Union on August 20th, and within a few weeks
he was chairing a meeting of the Associated Shipowners and
Employers. Meanwhile in New South Wales an Employers'
Defence Association had been established. By mid-
September, when the long-awaited intercolonial conference was
held, the employers present were determined to break the

78. Town and Country Journal, 11 October 1890.
79. See for example editorial comments in Riverine Grazier, 21 October 1890.
80. Australasian, 9 and 16 August 1890.
81. Age, 21 August 1890.
82. Town and Country Journal, 13 September 1890.
83. Ibid., 6 September 1890.
unions. The conference affirmed a commitment to "freedom of contract" and refused to negotiate with the unions.\textsuperscript{84} Though the unions' immediate response was to widen the strike, the employers' assessment of their own strength proved accurate. By early October the back of the unions' resistance was broken; even B.H.P. managed to elicit significant concessions from the militant Broken Hill miners in return for opening the mines.\textsuperscript{85}

As far as the Pastoralists' Unions were concerned, matters did not stop there. For the following season they determined to press home their advantage, still within their original strategy of maintaining wage rates while insisting on freedom of contract. An intercolonial conference was held in late November and early December to draft terms along these lines.\textsuperscript{86} It was also evident that the Pastoralists' Unions needed to federate, if only because the prevalence of absentee ownership made it necessary for members of the Victorian Pastoralists' Union in particular to rely on other associations to assist them in resisting the unions on their more distant properties. Accordingly, a Pastoralists' Federal Council of Australia met in Brisbane in March 1891 to arrange the boundaries for the various associations in South Australia, Queensland, New South Wales and Victoria. The western districts of New South Wales were carved up among three

\textsuperscript{84} Ibid., 13 and 20 September 1890.  
\textsuperscript{85} Kennedy, op. cit., p. 59.  
\textsuperscript{86} Piggin, op. cit., p. 557.
colonies, with the west Darling going to South Australia, the Riverina to Victoria and the rest to New South Wales. The resources of all three Pastoralists' Unions could thus be used if necessary to enforce the pastoralists' terms on the A.S.U.'s home ground.

After the A.S.U. unanimously rejected the pastoralists' agreement and called a strike for the 1891 season, a further organizational effort was necessary on the part of the Pastoralists' Unions. One of their first tasks was to attempt to dispel the unfortunate if accurate impression that the associations were run by a cabal of hard-liners, Pitt and Collins Street squatters and finance company representatives. Their association with the finance companies was especially unfortunate at a time when relations between creditor and debtor were becoming rather strained and popular resentment of foreign financiers was growing. Nevertheless the financiers' support was crucial for the Pastoralists' Unions, especially in Victoria but also to a lesser extent in New South Wales. Young of the A.M.L.F. had not been the only financier to grow alarmed at the prospect of British investment being withdrawn from Australia in consequence of the maritime strike. Financiers had taken a number of initiatives in organizing the employers' resistance in 1890.

87. There were some objections to this, as the south Darling pastoralists preferred to be treated as part of Victoria (Pastoralists' Federal Journal, First Meeting, Minutes.) I am indebted to Dr. J. Merritt for this and subsequent references to Pastoralists' Union records.
89. See comment in A.P.R., March 1892, pp. 507-8.
90. See above pp. 171-2.
In New South Wales Buckland of the Bank of New South Wales and Maiden of Goldsbrough Mort were prominent in the employers' associations, while in Victoria a veritable constellation of pastoral financiers joined the Pastoralists' Union. Young and J.S. Horsfall, then of N.Z.L.M.A., were members of the three-man delegation sent by the Victorian Pastoralists' Union to the December conference. Young also drafted the association's rules, which allowed for members' voting strength to be weighted according to the number of sheep they represented; this distinctly undemocratic provision was much to the advantage of the companies and large absentees. The finance companies were to remain strong in the Victorian Pastoralists' Union throughout the decade; in 1891 and 1901 alike, five of the six major finance companies were represented on the association's Council, several of them by paid staff who had no personal squatting interests. In New South Wales the companies also had some influence, in spite of the establishment of district pastoralists' committees to allow squatters in the more remote areas to participate in the association.

The Council positions which were left to be filled at general

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91. Town and Country Journal, 6 and 20th September 1890.
93. Ibid., 1891 and 1901. Those involved were; 1891 - A. Blackwood (Dalgety director), John Cooke (A.M.L.F., Manager), W. Drysdale (U.M.A. Inspector), D. Elder (N.Z.L.M.A. Manager), A. Fisken (A.M.A. Director), L. Kiddie (A.M.A. Manager), J.B. Nutting (U.M.A. Station Inspector; 1901 - A. Austin (A.M.L.F. Board of Advice), J. Aitken (Dalgety Manager), R.G. Casey (Goldsbrough Mort Director), Cooke, Elder, J.J. Falconer (A.M.L.F. Manager), Fisken, J.M. Niall (Goldsbrough Mort Manager).
94. A.P.R., March 1892, pp. 507-8; Piggin, op. cit., p. 557.
meetings were often occupied by men from the pastoral finance houses, and at one point when the association's general popularity had waned bank and finance company representatives made up half the audience at the annual general meeting.

In 1893 David Elder, who had no involvement in squatting outside his role as N.Z.L.M.A. manager, was even elected president of the Pastoralists' Federal Council. For the impending clashes of 1891, a membership based on absentees and creditors was clearly inadequate.

The Pastoralists' Unions did, however, have a major drawcard to attract new members. They were well prepared to resist the shearers, having begun to organize in April, and much of their effort had been devoted to compiling a register of shearers who were prepared to work under the December conference agreement. Significantly, advertisements for non-union labourers in western New South Wales newspapers elicited no response, but by July vigorous recruitment as far away as New Zealand had provided the pastoralists with more than a thousand non-union workers who were ready to be railed to the western districts and the Riverina. With this offer to supply members with non-union labour, the Pastoralists' Unions

96. Ibid., 1894 meeting.
99. Whiteley King's report to NSW Pastoralists' Union, 1892.
100. Ibid. Victorian Pastoralists Union, Minutes.
were able to mobilize the squatters' dissatisfaction with the unionists' performance in the previous year, and during 1891 the total membership of the Pastoralists' Unions reached 618, representing twenty-four million sheep. This was only just over a quarter of the eastern colonies' total sheep population, but the rate of participation appears to have been somewhat higher in the inland districts where non-union labour was in short supply. It was on those districts that attention was fixed as the shearing season began, especially after the Queensland shearers' vigorous if unsuccessful resistance had made it clear that the inland sheds would not be easily won.

The clashes of 1891 resulted in a decisive victory for the Pastoralists' Unions. Initially in July it appeared that the A.S.U. might succeed in blockading some of the stations which were importing non-union labour. The unionists' main strategy was to waylay shearers being brought in by the Pastoralists' Union and cajole them into defecting to the A.S.U. They had some success in this; the men at Dunlop and Dumble were persuaded to join the strike, and quite a few of the contingents arrived at their destinations rather depleted in numbers. But these tactics lost their effect after police were sent in to keep the strikers away from the Pastoralists' Union workers. The flood of non-union labourers

101. Figures from "Number of Members and Number of Sheep for each year", unindexed folio, Pastoralists' Union records.
102. See A.P.R., August 1892, p. 759 for lists of stations under the P.U. engagement system.
103. King's report to NSW Pastoralists' Union, 1892.
unleashed by the Pastoralists' Union overwhelmed the A.S.U. men; more than five hundred men were sent to the early sheds around the Riverina, and an even greater number to the Bourke district. Furthermore, the A.S.U.'s allies in other unions were still in the doldrums after the maritime strike and were therefore in no position to offer vigorous assistance. Some western carriers' unions had banned the transportation of non-union wool, but the A.S.U. had given in before this could take effect; and in Bourke the local carriers paid the penalty for refusing to admit Asian cameleers to the union when the camels were used to break their blockade.

The residents of Bourke had called for a conference between the A.S.U. and the pastoralists when it became apparent that the flow of non-union workers would not diminish. Towards the end of the month the call was supported by the Trades and Labour Council, and by then the A.S.U. had little option. On August 7th and 8th the A.S.U. leaders met with a Pastoralists' Federal Council delegation comprising three squatters and two finance company managers, the latter being Elder of N.Z.L.M.A. and Cottee, the Sydney manager of the A.M.L.F. There were some difficulties when Spence balked at Elder's suggestion that the phrase "freedom of contract" be

104. Ibid.; Victorian Pastoralists' Union, 1891.
105. The Hay carriers had decided this in 1890 (Town and Country Journal, 11 October 1890).
106. Ibid., 13 September 1890; A.P.R., November 1892, p. 902.
107. King's report, 1892.
108. Town and Country Journal, 1 August 1891.
included in their agreement, but the result of the conference was a foregone conclusion. The A.S.U. conceded the open shop, and the employers were able to rejoice in a second victory.

The Onset of Depression and the 1894 Uprising

In spite of the Pastoralists' Unions' repeated assertions that their interest was in ensuring freedom of contract rather than in imposing wage reductions, the critical problems facing the industry did not allow the wage question to lie dormant for long. General economic conditions in the colony were conducive to an assault on wages. By 1892 the rural labour market had collapsed. While station investment was virtually at a standstill, large numbers of urban unemployed were taking advantage of the New South Wales government's free rail pass system to move to rural areas in search of work. By mid-1892 a thousand men had been given rail passes to Bourke, and from all over the west there were reports of large-scale unemployment. The influx had serious consequences for the bush towns, as those who did find work spent their wages elsewhere and the unemployed were a heavy burden on private charity in the rural centres. The labour market was especially bad in 1892, as the shearing season was delayed by a dry spell and stock losses reduced

110. Piggin, ibid., p. 558.
111. Hummer, 2 July 1892.
112. Ibid., 2 and 16 July 1892, 13 August 1892.
113. Ibid., 16 July 1892.
shearers' earnings on several Darling stations.\footnote{A.P.R., September 1892, p. 803; Hummer, 13 August 1892; Worker, 24 September 1892.} Work remained hard to get in 1893,\footnote{Worker, 22 July 1893 includes a warning to shearers to stay out of the Bourke district if they haven't booked in advance.} though the influx of outside labour slowed a little and some unemployed left for the Wyalong goldfields while others emigrated to South Africa or under the "New Australia" banner to Paraguay.\footnote{A.I.B.R., June 1893, p. 591; Coghlan, \textit{op. cit.}, p. 2020; Worker, 26 November 1892.} In both years large numbers of unemployed men were reported camped along the Darling in the off-season, trying to eke out a living as best they could.\footnote{Hummer, 26 March 1892; Worker, 7 January 1893.} As the Hummer commented on the plight of the immigrants from the cities: "They left the city with the hope of bettering their condition. They have failed to do so. All they can do now is to swear hard and steal mutton."\footnote{Ibid., 3 September 1892.} To add insult to injury, outback squatters began to refuse to supply rations to the growing number of wandering unemployed who were coming to their stations;\footnote{Those who discontinued rations included the squatters of the arid Corner country (A.P.R., July 1893, p. 201) and, according to the Hummer, millionaire James Tyson (13 August 1892).} this remarkably callous decision was justified on the grounds that it eliminated parasitic sundowners and forced the unemployed to look harder for work.\footnote{A.P.R., October 1892, p. 856.}

The west in 1892 and 1893 was ripe for wage cuts. In May 1892 it was reported that a Nyngan squatter had replaced
sixty men for objecting to a sixpence per day wage reduction; and there was much concern that cuts would become general. Nevertheless the militancy of the bush unionists was hardly dented; on the contrary, it seemed to thrive on frustration and over the two-year period unionism gained wide support, often from surprising quarters, among the western townspeople. Strike tactics were variously used by Broken Hill schoolchildren wanting a reduction in school hours, bookmakers at the Bourke racecourse protesting at high betting fees and a Broken Hill church choir objecting to a non-unionist's singing with them. The eight-hour day movement also flourished, especially in Bourke where a boycott of late closing stores was enforced by the local unions. And in spite of the adverse economic situation, the major western unions vigorously resisted pressure from employers, engaging in a series of courageous rearguard actions only to emerge with an almost unbroken series of defeats.

The most crushing single blow was the defeat of the Broken Hill miners who struck in 1892 against the introduction of contract mining. The silver companies, feeling the pinch as a result of falling world silver prices, were intent

121. Hummer, 14 May 1892.
122. See e.g. ibid., 9 July 1892.
123. Worker, 8 October 1892.
124. Hummer, 21 May 1892.
125. Ibid., 17 September 1892.
126. Worker, 1 October 1892.
on passing some of the burden onto the miners. Though stoping by contract was contrary to the agreement entered into in 1890 between the miners and management, the companies believed it would be a more acceptable way of intensifying their exploitation of labour than a simple wage cut. The miners for their part were totally opposed to contract stoping both for its effect on wages and out of a fear that competition and haste at the workface would increase the already considerable hazards of mining at the Hill. 128 But the companies were adamant, and refused to engage in negotiation or arbitration, thereby breaching another section of the 1890 agreement. 129 The result was "war to the end with no quarter asked or given." 130

The eighteen-week strike which followed had the quality of an archetypal confrontation between organized labour and monopoly capital, and the miners received massive support both from the Broken Hill population and from sympathizers elsewhere in the west. The companies' protestations that they could not make profits without the contract system were dismissed scornfully by those who remembered the fortunes made from Broken Hill by Melbourne capitalists. 131 The miners enjoyed popular sympathy partly because the introduction of contracting was a matter of immediate concern to many other workers, 132 but even more because of the symbolic nature of

129. Ibid., pp. 67-8.
130. Ibid., p. 68.
131. Hummer, 15 July 1892.
132. See e.g. ibid., 16 January 1892; see also below p. 301.
their resistance to the greed and inhumanity of a capitalism which could "sacrifice human beings to the lead-poison fiend who lurks in the tunnels of the great profit-making mines of the Barrier". 133

Financial assistance came from all sides. In all, twenty-five thousand pounds were raised to aid the strikers. The contributors included many Broken Hill businessmen, the Sydney Trades and Labour Council and a bevy of other organizations. 134 The shearing season had started, and there was an intensive effort to solicit contributions from shearers and shed hands. In the Bourke district alone over a thousand pounds were raised in this manner in the space of a few weeks, with many of the contributions coming from Pastoralists' Union sheds. 135 But this support was of no avail when confronted with the companies' determination to reopen the mines with non-union labour. The reopening took place on August 25th, supervised by more than a hundred police who had been thoughtfully provided by the New South Wales government. 136 Non-unionists were harassed and ostracised in the town, and the strike continued; but in early November, faced with a "steady trickle" of defections and the misery of prolonged unemployment, the union finally gave in. 137 Mine management did not hesitate to press home its advantage; the companies refused to recognize

133. Ibid., 9 July 1892.
134. Kennedy, op. cit., p. 68.
135. Hummer, 6 August to 17 September 1892.
137. Ibid., pp. 70-1.
the union, blackballed well-known activists and revoked concessions won in earlier industrial actions. The miners' defeat heralded a period of wage cuts in the mines and depression for the town as a whole, and the manner in which the State had intervened to assist the employers in crushing the union by sheer, unreasoning force left a bitter taste in the mouths of unionists throughout the colony.

By contrast with Broken Hill, industrial action among the pastoral workers was on a small scale. Early in 1892 the General Labourers' Union, which covered shed hands and other station employees, called for wage increases across the board. This call was backed up by intermittent action during the next two seasons at the individual station level. A few employers gave in at the mere threat of strike action, but for the most part squatters had little difficulty in engaging more tractable hands either from local sources or through the Pastoralists' Union office. Nevertheless, the shed hands kept up what the Pastoralists' Review described as "a kind of guerrilla warfare" in the south-west Riverina and around Bourke, reaching a climax in August 1893 with a series of strikes and an attempt to burn the woolshed at Dumble

138. Ibid., p. 71; Blainey, op. cit., p. 62.
139. Kennedy, ibid., pp. 71, 75.
140. The rates demanded were 25/- per week for general hands and 30/- per week for shearing hands and drivers; this amounted to an increase of roughly 5/- per week (A.P.R., March 1892, p. 508).
141. Hummer, 16 and 30 July 1892.
142. See e.g. ibid., 30 July 1892, 3 September 1892; King's report to N.S.W. Pastoralists' Union, July 1893.
143. A.P.R., September 1893, p. 310.
In some cases they also succeeded in gaining the backing of the shearers, and even of permanent station hands. Ineffectual though it was, the shed hands' campaign demonstrated that the militant spirit of the bush unions was not to be lightly crushed, either by employers or by "moderate" union leaders.

The A.S.U. for its part was taking no initiatives. The Pastoralists' Unions were still on the offensive, attempting to consolidate their control over the engagement of shearers, initially by persuading squatters to engage men through the Pastoralists' Union office and then by proposing the introduction of references for shearers to weed out activists and inefficient workers. The A.S.U. opposed both measures, but to little effect. In 1892 it urged members to engage directly at the stations to bypass the Pastoralists' Union office; but few of the early sheds engaged their hands directly and, after a season in which many unionists were left without work, the A.S.U. in 1893 allowed members to engage through the Pastoralists' Union. Similarly, though the A.S.U. protested vigorously at the introduction of references and called on members to refuse them, no action was taken to enforce this policy. The A.S.U. was hamstrung by the fact that its refusal to co-operate with the Pastoralists' Unions'
engagement system merely handicapped its members in the search for work.

The Pastoralists' Unions meanwhile had problems of their own, as their members were divided on several issues which were of central importance to the organisations' operations. The first concerned the scope of the Pastoralists' Unions' activities. Within a year of the industrial crisis' passing over, there was a move to widen the New South Wales association's aims to include agitation for more lenient terms for Crown tenants and the promotion of the frozen meat export trade.149 Demands that the associations involve themselves in lobbying on wider economic and political issues became more insistent as the decade wore on and the depression in the pastoral industry deepened;150 but all such suggestions were dismissed by the hard core of New South Wales and Victorian Pastoralists' Union activists, who claimed that lack of consensus would make it impossible for the associations to take up the advocacy of pastoral interests outside the industrial sphere.151 Their refusal detracted greatly from the associations' impetus and continuity of support as, having failed to secure Pastoralists' Union co-operation, those who wished to lobby on wider issues set up alternative associations for that purpose. Prominent among these were the Crown Tenants' Associations which sprang up in several areas during

149. Ibid., July 1892, p. 714.
150. Ibid., January 1896, p. 606; February 1896, p. 653; March 1896, p. 45.
151. Ibid., March 1896, p. 3; July 1896, p. 266.
1892 and 1893\textsuperscript{152} and the right-wing National Association, widely known to radicals as the "National Ass",\textsuperscript{153} which conducted a vigorous campaign against the introduction of one-man-one-vote in 1892\textsuperscript{154} and in succeeding years represented pastoral interests on both the Crown tenancy and industrial issues.\textsuperscript{155} The squatting lobby's energies were thus diffused in the short term, while in the longer term, as industrial problems were eclipsed by the deepening structural crisis facing the industry, the Pastoralists' Unions' narrow focus rendered their activities irrelevant to the squatting interest's major concerns.

Even in the industrial relations sphere there was serious dissension about the Pastoralists' Unions' proper role, hinging on the question of whether "freedom of contract" was an end in itself or merely an initial step towards the reduction of wages. Within the inner circle of Pastoralists' Union activists there were several adherents of the "freedom of contract" school,\textsuperscript{156} but they were outnumbered by those who wanted to bring in wage cuts. The wage question was first raised at the Pastoralists' Federal Council in December 1892 by the South Australian and West Darling association; at the time,

\textsuperscript{152} Ibid., August 1892, p. 791; September 1892, p. 840; November 1892, p. 937; May 1893, p. 107.
\textsuperscript{153} Or, to give it its full title, the "Capitalistic Freedom of Contract Plural Voting National Ass" (Hummer, 6 February 1892). See also Rickard, op. cit., pp. 54ff.
\textsuperscript{154} See ibid., 19 March and 14 May 1892.
\textsuperscript{155} A.P.R., January 1894, p. 520; September 1894, p. 267.
\textsuperscript{156} See Pastoralists' Federal Council report, 7th meeting, April 1894.
David Elder of N.Z.L.M.A. suggested that reductions be brought in via lower rates for machine shearers, but the issue was deferred until the following year.¹⁵⁷ When it came up again the proponents of financial stringency were victorious; it was agreed that the conference agreement of 1891 be abandoned and reduced rates set.¹⁵⁸ Accordingly a new agreement was announced before the start of the 1894 shearing season; in New South Wales shearers were to receive 20/- per hundred for hand shearing and 17/- with machines in all districts except the southern Riverina, where the rates were 18/6 and 17/- respectively, and the Western Division east of the Darling, where 20/- was paid all round.¹⁵⁹

The imposition of wage cuts was strongly supported by the banks and finance companies, with the exception of a few small finance companies in Queensland whose position was so parlous that they could not afford to strike.¹⁶⁰ But the Pastoralists' Federal Council had overestimated the extent to which wage cuts would be supported by their members. Many squatters had joined the Pastoralists' Unions principally to resist the A.S.U.'s encroachments on their prerogatives as employers. Though they had been prepared to abrogate their power to hire and fire as a matter of temporary necessity to ensure an adequate supply of non-union labour through the

¹⁵⁷. Ibid., December 1892 meeting.
¹⁵⁸. Ibid., 6th Council meeting, November 1893.
¹⁵⁹. A.P.R., May 1894, p. 102.
¹⁶⁰. See comments by J.L. Stirling in Pastoralists' Federal Council report, 7th Council meeting, April 1894.
Pastoralists' Union offices, they had no intention of substituting one form of outside control for another on any long-term basis. Yet the Pastoralists' Federal Council's imposition of new wage-rates from above amounted to an attempt to exercise precisely the kind of hegemonic control the squatters had fought against. Opposition to the new agreement was intensified by a widespread feeling that the change in policy constituted a breach of the faith vested in the employers by those shearers who had been tempted away from the A.S.U. with the promise that no wage reductions would ensue. Even before the shearing season started, the Pastoralists' Unions' own rhetoric had begun to be used against them. \(^{161}\)

The problems the Pastoralists' Union constituents had with the new agreement were, however, overshadowed by the sheer fury inspired among the shearers by the employers' apparent deceit. The Pastoralists' Federal Council had seriously miscalculated the likelihood of resistance from the shearers. In spite of the amalgamation of the A.S.U. and the General Labourers' Union to form the Australian Workers' Union (A.W.U.) early in 1894, the union had been experiencing severe problems; in April 1894 the Pastoralists' Review confidently pronounced shearer unionism extinct. \(^{162}\) But if union discipline was breaking down, the outback militants had by no means been mellowed by the rigours of the past two seasons; and, in

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161. See e.g. comments by W. Allison, ibid., 7th and 8th Council meetings.
162. A.P.R., April 1894, p. 55.
assuming that central control over the engagement of hands would make the imposition of wage cuts a simple matter, the Pastoralists' Union organizers had overlooked the possibility that the workers they hired would turn against them. The oversight proved to be a costly one.

The first signs of trouble in western New South Wales came in July, when the first batches of hands sent to two of the earliest sheds struck and had to be replaced.\textsuperscript{163} The hands at Dunlop also went out over rouseabouts' pay, and some sheds started under the 1891 agreement.\textsuperscript{164} Within a few weeks resistance to the new agreement was evident in all the districts where shearing had started. The shearers at Bourke tried to persuade employers to enter into negotiations about the agreement, but their overtures were rebuffed;\textsuperscript{165} thereafter the field was left to the militants, who set out to use every weapon at their command to prevent shearing from taking place under the new agreement.

Their first step was to persuade shearers to act \textit{en bloc} in rejecting the agreement when they arrived on the stations. The task presented few difficulties; many a station manager called the roll only to discover to his chagrin that the Pastoralists' Union office had supplied him with a full complement of strikers. By the second week of August at least

\textsuperscript{163} Ibid., July 1894, p. 239.
\textsuperscript{164} Town and Country Journal, 21 July 1894.
\textsuperscript{165} Coghlan, \textit{op. cit.}, p. 2022.
ten stations in Bourke district and around Broken Hill were on strike, and the number of stations shearing under the 1891 agreement or on verbal agreements was growing. Large strike camps had been formed on several stations and close to the major railheads, and pickets were soon mounted to intercept new groups of workers as they were sent up. These scenes were repeated in the second half of August in the Cobar, Walgett and Hay districts as shearing began there. The number of stations on strike escalated. New shearsers were intercepted as they came off the train at Hay and waylaid on the road to Walgett; near Cobar a contingent of men under the charge of a U.M.A. station manager was stopped on the way to the station by a group of union shearsers and miners, who persuaded several to defect. Militants persuaded the men in a number of sheds to strike after they had started shearing, and few stations were reported to have started smoothly under the new agreement.

The Pastoralists' Unions reacted to the defection of a large segment of "their" workforce with some dismay, but they

167. A.P.R., August 1894, pp. 311-2.
169. See e.g. Hardy, loc. cit.
173. These included Coronga Downs (ibid. August 1894, p. 311) and Alma (ibid., September 1894, p. 367).
174. Town and Country Journal, 25 August 1894; Kinchega could only get one third of its full complement of hands.
did not surrender lightly. They stepped up the supply of labour in the hope that the dissidents would be swamped by sheer weight of numbers; by mid-September A.G. Milson of the U.M.A. had sent at least three thousand shearers out to New South Wales stations from the Pastoralists' Union office.¹⁷⁵ The employers also called on the New South Wales government to provide police escorts for non-unionists at the very least, and preferably to send in troops to break up the strike camps.¹⁷⁶ Police had already been sent out to guard many Darling and Barrier runs,¹⁷⁷ but they were spread thinly and could not control the unionists to any great extent.

Concern at the weakness of the police forces in the area mounted as the unionists, having failed to stem the flood of non-union labour with moral suasion and picketing,¹⁷⁸ began to resort to physically harassing non-unionists. The first blow was struck early in August, when a large group of unionists rushed the men's huts at Wonnaminta and Salisbury Downs and abducted several non-unionists; though the perpetrators of the attack were arrested after a police chase and later jailed,¹⁷⁹ their example was followed by unionists elsewhere. In the succeeding weeks at least four other sheds

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¹⁷⁵. A.P.R., September 1894, p. 421. For Milson's affiliation see ibid., April 1894, pp. 60-1.
¹⁷⁷. A.P.R., August 1894, p. 311; Hardy, op. cit., p. 215.
¹⁷⁸. See e.g. Hardy, loc. cit.; Town and Country Journal, 25 August 1894.
¹⁷⁹. A.P.R., August 1894, pp. 263, 311; Town and Country Journal, 11 August 1894.
were raided in a similar manner,\textsuperscript{180} and in one case the raid took place under the very noses of the police.\textsuperscript{181} There were also some attacks on property. Several arson attempts were reported, most of them aimed at woolsheds,\textsuperscript{182} and Darling steamers carrying non-unionists were repeatedly bombarded and obstructed.\textsuperscript{183} But the only attack which caused serious damage was the seizure and burning of the steamer "Rodney" en route to Tolarno with a group of non-unionists.\textsuperscript{184} This was in marked contrast to the simultaneous uprising in western Queensland where unionists succeeded in burning a large number of woolsheds and prevented many stations from shearing.\textsuperscript{185}

On the Colonial Secretary's orders, police protection for non-unionists was stepped up in western New South Wales during the second half of September,\textsuperscript{186} and by the beginning of October the shearers' revolt was petering out. Though the picketing of roads was still widespread and a few minor attacks on property took place, the police were able to forestall at least one major raid and escort Pastoralists' Union hands to many stations.\textsuperscript{187} The shearers' rage had spent its force, and

\textsuperscript{180} A.P.R., September 1894, pp. 367, 368; October 1894, p. 418; Town and Country Journal, 25 August, 1 September and 15 September 1894.
\textsuperscript{181} Town and Country Journal, 15 September 1894.
\textsuperscript{182} Ibid., 25 August 1894; A.P.R., September 1894, p. 368; October 1894, p. 418.
\textsuperscript{183} A.P.R., September 1894, p. 368; Hardy, op. cit., pp. 215-6; Spence, op. cit., p. 68; Town and Country Journal, 1 September 1894.
\textsuperscript{184} See A.I.B.R. September 1894, p. 368; Hardy, ibid., p. 216; Spence, ibid., pp. 70-1; Town and Country Journal, 1 September 1894.
\textsuperscript{186} Town and Country Journal, 15 September 1894.
\textsuperscript{187} Ibid., 29 September 1894, A.P.R., September 1894, p. 380.
the harsh sentences meted out to unionists by the courts were accepted with a spirit of bitter resignation.

The violence associated with the shearers' uprising in 1894 horrified contemporary conservatives and liberals alike; even the Bulletin derided the strike as "an aimless, purposeless, burlesque uprising which is foredoomed to defeat, because its leaders have no idea whither they are going".\(^{188}\)

This judgement was both premature and harsh. The revolt was far from purposeless; on the contrary, it was a systematic attempt to prevent the implementation of the 1894 agreement in the inland sheds, initially by persuasion and later by the limited use of physical force. It was also noteworthy that the rebels did not inflict bodily harm on their opponents; abductions and attacks on property there were in plenty, but the only physical injuries reported during the strike were inflicted on unionists by "warning shots" from the police.\(^{189}\)

The odds were heavily weighted against the shearers' unilateral action. With unemployment rife in the urban areas moral suasion alone could not counter the employers' carefully-orchestrated strike-breaking organization, but as soon as the shearers went beyond moral suasion they exposed themselves to legal retaliation and brought the forces of the state in on the employers' side. Nevertheless, in terms of its own limited aim the strike was partially successful at least. Many "respectable" shearers, most of them small selectors, were deterred

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188. Quoted in A.P.R., September 1894, p. 370.
189. At Grasmere during a raid (Hardy, op. cit., p. 215).
from going outback for the season, and the Pastoralists' Unions found it impossible to muster tractable workers fast enough and in sufficient numbers to make the new agreement stick.\textsuperscript{190} By November even the Pastoralists' Review was admitting that a sizeable number of sheds had not adopted the wage cuts.\textsuperscript{191}

The strikers were able to capitalize on squatters' growing doubts about the Pastoralists' Unions' strategy. The central engagement system's efficacy was thrown into question when defections by shearsers on arrival exposed its vulnerability to infiltration,\textsuperscript{192} and the strike strengthened the dissident squatters' conviction that the Pastoralists' Union organizers were leading employers into trouble by breaking their undertaking not to reduce wages. Although under normal circumstances employer association membership would be expected to rise when strikes were threatening, the Pastoralists' Unions' total membership fell by more than a quarter during 1894.\textsuperscript{193} Though the Federal Council made a partial retreat on the wage question in 1895\textsuperscript{194} and the New South Wales and Victorian associations set out on a campaign to devolve some powers to the district committees in the hope of winning back the support

\begin{itemize}
\item \textsuperscript{190} A.P.R., October 1894, p. 380; Town and Country Journal, 18 August 1894.
\item \textsuperscript{191} Ibid., November 1894, p. 425.
\item \textsuperscript{192} At least six Pastoralists' Union-supplied stations were affected by strikes. These were Gundabooka, Elsinora, Fort Bourke, Melrose, Coronga Downs and Willandra. About 190 shearsers were involved (A.P.R., August 1894, p. 313 gives a list of Pastoralists' Union stations).
\item \textsuperscript{193} Figures from "Number of Members and Number of Sheep for each year", unindexed folio, Pastoralists' Union records.
\item \textsuperscript{194} Pastoralists' Federal Council report, 8th Council meeting, February 1895.
\end{itemize}
they had lost, the organization was showing every sign of becoming moribund. The central engagement system fell into disuse, district committees restored the shearing rate in most districts to its 1891 level, and there was a general loss of interest in the Pastoralists' Unions, reflected in the fact that all candidates for Council positions in the New South Wales association in 1895 were elected unopposed.

The Federal Council had overplayed its hand in proposing wage cuts. By 1894 many squatters were in such a disastrous financial position they they could not risk delaying the shearing for the sake of an agreement which would bring only minor cost savings and which had been formulated in the interests of financiers and pastoral plutocrats. The strike revived the employer dissension which had hampered the establishment of pastoralists' associations before 1890, and limited the extent to which wage reductions were imposed on the seasonal workforce in the west even in the depths of drought. But it also heightened the tension between the militant bush unionists and the moderate A.W.U. leadership. Having called the Pastoralists' Unions' bluff, the outback unionists were enraged when the A.W.U. executive went on to

195. A.P.R., March 1895, p. 48.
196. King's report to N.S.W. Pastoralists' Union, 1897.
197. A.P.R., June 1895, p. 215. Rates were 20/- all round in Bourke, Brewarrina, Cobar, Goodooga, Nyngarn, Nymagee, Warren, Walgett and Wanaaring, with Hay on 20/- for hand and 18/6 for machine.
198. N.S.W. Pastoralists' Union, Minutes of Annual General Meeting, 1895.
199. See below p. 300 for a summary of the cuts which were instituted.
accept the new agreement, and the Wilcannia branch formally censured the executive for its action. 200 For several years thereafter the A.W.U. was largely inactive. As the depression in the western districts deepened, class organization on both sides went into temporary decline, signalling a retreat from large-scale confrontations to the pattern of ad hoc bargaining which had reigned in earlier years, but under labour market conditions distinctly less favourable to the working class.

**Bushworkers in the Depression**

The influx of free rail pass holders into the west during the early 1890s was only one manifestation of a wider population shift which hastened the deterioration of the rural labour market in the early stages of the depression. The collapse of the urban construction boom, followed by the financial crisis of 1893, sent urban unemployed fleeing into the country in search of work. Melbourne's population dropped by 3.5% in 1892 alone, 201 and the urban population of New South Wales fell from 34.2% of the total population in 1891 to 31.5% six years later. 202

This exodus placed an intolerable strain on a rural labour market which was already depressed by the stagnation of employment in pastoralism and mining. Even before drought struck in 1895, unemployment and destitution were widespread in

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200. A.P.R., June 1895, p. 213.
202. Ibid., March 1897, p. 158.
the western districts. Around Bourke men who were dependent on seasonal earnings were reported to be half-starving, women and children were to be found begging in the south-west, and the mining towns of Broken Hill and Cobar were blighted by retrenchments in the wake of a world price slump. The financial stringency consequent on the collapse of British pastoral investment was also having a severe effect on the demand for station labour. The financial institutions were engaging in systematic retrenchments on foreclosed holdings, halting the installation of improvements and managing stations in consolidated groups to cut down labour requirements. The threat of foreclosure was used to bludgeon clients who were still in possession of their holdings into implementing similar economies.

The onset of drought in 1895 introduced a new element into the situation. Sheep numbers declined drastically, and with them the demand for seasonal labour; station accounts show large falls in payments for shearers and other shed hands over the period from 1895 to 1902. The bullockies were also affected by the reduced volume of wool production and by the severe water and feed shortages experienced during the drought.

203. A.P.R., September 1894, pp. 374-5; Hummer, 2 July 1892.
204. Kennedy, op. cit., pp. 71, 75.
206. See e.g. Bailey, op. cit., p. 139.
207. The magnitude of the fall varied widely, depending on the severity of drought on individual stations, whether additional sheep were purchased, and other factors. Decreases in shearing expenditure ranged from about 40% (Weilmoringle, in R.C.W.D., Minutes, p. 135) to 94% (Tindarey, Australian Estates papers, file 5/16).
which stimulated a shift to camel transport in many parts of
the north-west. The falling demand for shearing labour
had adverse effects on employment in the pastoral towns, which
were already suffering from the slump in construction activity
and the flight of smallholders from the afflicted region.

To some extent the persistent drought eventually
created its own demands for labour, albeit of the most menial
kind. Large numbers of scrub-cutters were required to carry
out the systematic denudation of the country which station
managers deemed necessary to preserve the flocks in times of
feed shortage. As the topsoil of the region came adrift a
sustained effort was also necessary to prevent tanks, drains,
fences and other station structures from disappearing beneath
the rising sand. On some stations men were even employed
solely to pull bogged sheep out of the drying waterholes.

These frenetic efforts to resist the drought's effects were all
highly labour-intensive, but workers were poorly-paid and condi-
tions on the runs harsh; such work was only taken as a last
resort, often by Chinese labourers who were discriminated

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pp. 54-5.
209. See above, pp. 235-6, 240ff.
210. See e.g. A.P.R. August 1895, p. 286; June 1896, p. 211;
Australian Estates papers, files 5/10 (1899 report), 5/12
(1897-1902 reports), 5/15 (1898-9).
211. Australian Estates papers, file 5/14 (1895 and 1900
reports); R.C.W.D. Minutes, evidence of W. Parker, p. 429,
and A. Cudmore, p. 435.
212. Australian Estate papers, files 5/13 (1899 report); 5/15
(1897 report).
against in other employment.\textsuperscript{213} Furthermore, the labour demand created by such activities was more than offset by the reduced demand for shearing labour and the retrenchments implemented by cost-conscious squatters and finance companies. The financial institutions extended their practice of administering holdings in consolidated blocs, deploying general hands from station to station to minimize wage costs, dispensing with managers and clerical staff, and insisting that even minor repairs be made only with the approval of company officials.\textsuperscript{214} On a group of about twenty stations whose accounts are available these practices, coupled with falling stock numbers, reduced average expenditure per station on wages, rations and shearing by over fifty per cent between 1894 and 1902\textsuperscript{215}.

There was little scope for displaced pastoral workers to find alternative employment in the west, though a few of the towns were able to take some surplus labour. The establishment of boiling-down and/or meat-processing works at Bourke, Hay, Menindie and Nyngan created some jobs in those towns,\textsuperscript{216} and the Cobar and Nymagee copper mines went back into full operation.

\textsuperscript{213} Ibid., file 5/10 (1895 report); Coghlan, op. cit., p. 1332; R.C.W.D. Minutes, evidence of M. Armstrong, p. 351.

\textsuperscript{214} Australian Estates papers, file 165; A.M.L.F. papers, file 6/106; Bailey, op. cit., pp. 139, 165; R.C.W.D. Minutes, evidence of L. Kiddle, (pp. 256-7), C. May, (p. 471), F. Vandeleur (p. 578).


\textsuperscript{216} A.P.R., November 1895, Supplement, p. 1.
in 1895 after a rise in world copper prices.\textsuperscript{217} The White Cliffs opal field also grew, and in spite of primitive living conditions about two thousand people were on the field by 1899,\textsuperscript{218} but Broken Hill, the largest urban centre in the region, remained in the doldrums until the early years of the twentieth century.\textsuperscript{219} Various schemes to provide relief work were set up in the region. Local governments provided intermittent work on public facilities when funds were available,\textsuperscript{220} irrigation settlements were established at Pera Bore near Bourke and along the Darling,\textsuperscript{221} and the colonial government's ill-conceived scheme to clear the west Bogan scrublands provided many bushworkers with comparatively well-paid relief work.\textsuperscript{222} But while the colonial economy as a whole was in a state of depression, schemes such as these were unable to accommodate more than a small fraction of the unemployed.

Many employers took advantage of the poor labour market to cut wages. The piecemeal manner in which wages were set makes it difficult to assess how widespread the fall was, but press comments, court reports, station accounts and evidence given to the Royal Commission in 1900 indicate a

\begin{itemize}
\item \textsuperscript{217} A.I.B.R., March 1896, p. 164.
\item \textsuperscript{218} Western Free Press, 16 June and 28 July 1899.
\item \textsuperscript{219} Coghlan, \textit{op. cit.}, p. 2127; Kennedy, \textit{op. cit.}, pp. 75ff.
\item \textsuperscript{220} Kennedy, \textit{ibid.}, p. 77; Western Free Press, 2 June 1899; Western Herald, 25 March 1896.
\item \textsuperscript{221} A.P.R., June 1896, p. 205; Kennedy, \textit{op. cit.}, p. 81; R.C.W.D. \textit{Summary of Evidence}, pp. 25-6.
\item \textsuperscript{222} A.P.R., December 1896, p. 495; June 1899, p. 207; Coghlan, \textit{op. cit.}, pp. 2039-40.
\end{itemize}
widespread fall, in line with that in the colony as a whole, between about 1892 and 1897. Station managers' wages fell generally, and on company-held stations managers were often replaced by overseers who earned less than half as much. In 1893 Broken Hill mine management brought in an across-the-board wage cut of ten per cent. Three years later further wage cuts were still being reported in Bourke, where municipal employees and workers in the Cobb and Co. factory both suffered reductions in pay.

Labourers who would normally have been employed on day rates found that employers would only offer them the much despised "pound a week and keep", previously the standard pay of ordinary station hands. In 1899 it was noted that the Wilcannia woolscour was paying men at that rate for working a ten-hour day. On the stations themselves, wage costs were reduced by using ordinary station labourers to perform work such as fencing and tank excavation, which had widely been performed by contract labour in the previous decade. Even a pound a week and keep seems to have been considered excessive for unskilled station work by many employers, and in 1899 the Pastoralists' Review spoke of 15/- a week as the norm.

These were starvation wages for workers with dependants; one

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223. Coghlan, ibid., p. 1464; McCarthy, op. cit., pp. 52, 68.
226. Western Herald, 19 February and 25 April 1896.
227. Western Free Press, 22 September 1899.
228. A.P.R., June 1899, p. 207.
such was the boundary rider on FitzWilliam Wentworth's
Burrabogie station who when summoned for defaulting on his
doctor's bills gave as his excuse the fact that he was
attempting to support himself, his wife and their nine children
on 15/- a week and two full rations. 229

Accompanying the general wage fall there were
numerous cases of gross exploitation by employers who did not
scruple to take advantage of the fact that unemployment had
reduced some individuals to such a state of desperation that
they would sell their labour for the most pitiful remuneration.
Practices revealed in various court cases included a young
girl's being employed as a domestic servant for 2/6 per
week,230 and employers' taking men on for manual work without
paying them any money wages.231 In some cases these practices
were challenged in the courts, but frequently they only came to
light in the course of actions on unrelated matters; overall,
they must have contributed substantially to the declining
earnings of the western workforce.

The white unionists' hostility to workers of other
races had also exacerbated a fragmentation in the pastoral
workforce which employers were able to turn their own
advantage. Asian workers were subject to systematic employment
discrimination, partly due to white workers' using boycott
tactics against employers who took Asians on in any but the

229. Riverine Grazier, 16 February 1897.
230. Ibid., 6 July 1897.
231. Western Herald, 7 March 1896.
lowest-skilled jobs. They were also prepared to accept lower wages than white workers, though little hard evidence on their rates of pay is available. In evidence to the 1900 Royal Commission, a station manager conceded that Chinese scrub-cutters were "sometimes" cheaper than white labourers, and it seems unlikely that camel transport would have been able to undercut the teamsters' rates by fifty per cent unless cameleers' pay was lower than white carriers. Aboriginals were in an even worse position; accustomed to supplementing their meagre earnings by hunting and fishing, they were rendered destitute by the combined effects of drought and unemployment and became increasingly reliant on government hand-outs.

The seasonal earnings of pastoral workers were also subject to pressure during the first years of the drought. Rouseabouts' wages were widely reduced to 22/6 per week, and in 1896 the Pastoralists' Union committees in Cobar, Hillston and Nyngan cut machine shearing rates to 17/- per hundred, though elsewhere shearers' wages remained officially unchanged. How extensively these cuts were implemented is open to question, given the weakness of the Pastoralists' Union organization at the time; but a number of developments were

234. See e.g. Hillston Spectator, 24 September 1898.
235. A.P.R., April 1896, p. 101. It is noteworthy that in spite of this, shearers on the A.E.M.'s Cobar stations were still being paid the full rate (Australian Estates papers, 5 series).
eroding the shearers' bargaining power concurrently. The shearers' skill monopoly was steadily whittled away by the introduction of machine shears, which by 1898 were used to shear 27% of the New South Wales flock.236 The use of contract shearing after 1896 also constituted a threat to seasonal earnings, as it meant that the hiring of hands was placed in the charge of an entrepreneur who had a strong interest in securing labour at the lowest possible cost.237 Finally, the pastoralists' use of references to eliminate "undesirables" was successful enough for a black market in good references to have developed by the end of the decade.238 But probably the largest reduction in shearers' income was due to the inescapable effects of drought rather than deliberate wage reductions. Falling numbers of sheep per stand, repeated delays in starting and the difficulties of travelling through the parched countryside, especially for shearers who did not equip themselves with the newly-available bicycle,239 all made outback shearing an unattractive proposition.

In the early years of the drought, while the colonial economy in general was still depressed and the ranks of the migratory pastoral workers were swelled by urban unemployed, effective industrial action was impossible and the A.W.U., like

236. Ibid., April 1899, p. 78.
237. Ibid., June 1896, p. 251; September 1896, p. 332.
other unions, could only turn a blind eye to wage cuts.240
But in the slightly longer term the seasonal workers had a
major bargaining counter against their employers: unlike the
squatters, the workers were not tied to western New South
Wales, but could move to take advantage of opportunities which
arose elsewhere. They proceeded to do so as soon as the
depression showed signs of lifting in other regions, and by the
eyears of the twentieth century when the drought was at its peak, in spite of a massive fall in demand for shearing
labour, the outback labour market had begun once again to
operate in the workers' favour.

Bushworkers began to vote with their feet during
1896, after the drought which had interrupted work on the
Western Australian goldfields broke and the building trade in
the cities revived somewhat.241 By early 1897 the Insurance
and Banking Record was talking of New South Wales undergoing
"the semblance, if not the substance" of a recovery;242 the
urban labour market picked up and the government started having
some difficulty in mustering gangs for rural relief works.243
In the following years displaced pastoral workers moved to the
mining fields and into the cities to take advantage of the
gradual improvement in employment in manufacturing and

240. There were still a few attempts at local industrial action
in 1895-6, but those involved were quickly replaced (see
A.P.R., October 1895, p. 407; September 1896, p. 333). On
the general situation see Coghlan, op. cit., p. 2027.
commerce; this exodus dashed the squatters' hopes that the depression would inaugurate a new era of rural labour surplus and led them to repent of their decision to force swagmen off the road by refusing them rations. With the migratory workforce severely reduced, seasonal labour shortages were reported during 1897 and in most years thereafter. During 1900-1901 the labour scarcity was exacerbated by the departure of two bushmen's contingents, with a total strength of over twelve hundred, to fight in the Boer War. Through all this the squatters railed at the government's relief works, blaming them for the labour scarcity and claiming that they demoralized the workforce; they steadfastly refused to concede that their own employment practices might bear some of the blame.

The A.W.U. revived with the turn in the labour market. After two seasons of comparative inactivity, during which only sporadic local actions had occurred and the surplus of labour had enabled strikers to be quickly replaced, union organizers went on the road again during 1897. Little industrial activity ensued in that or the following season, but by 1899 the wage question had begun to raise

244. *A.P.R.*, September 1896, p. 359; March 1897, p. 32; June 1899, p. 189; September 1899, p. 380; August 1900, p. 335; April 1901, p. 67.
246. *A.P.R.*, June 1899, p. 207; August 1900, p. 335; October 1900, p. 478.
249. One of the few strikes recorded was by wool-scourers on the remote Yandama Station (*Sturt Recorder and Milparinka Advertiser*, 17 September 1897).
its head again. On the Paroo some shed-hands struck for higher wages, and were supported by the shearers, but employers were able to replace activists locally and did not have to resort to the Pastoralists' Union engagement system. There were also difficulties in enforcing Pastoralists' Union rates on several members' stations in the Nyngan area, and in the southern Riverina the reduced rate for machine shears was widely abandoned.\footnote{Based on G. Mair's and W. King's reports to the Pastoralists' Federal Council, 11th Council Meeting, March 1900. The A.P.R., by contrast, dismissed the disturbances as "local and unimportant" (November 1899, p. 504).}

Much of the pressure for higher wage-rates arose out of the fall in earnings which the shearers were experiencing as a result of the decreased number of sheep per stand and, probably more importantly, from the flock improvement achieved by systematic culling and the introduction of the heavy-fleeced Vermont merino strain, both of which slowed shearers down.\footnote{King's report, loc. cit.}

With the labour market improving and the Pastoralists' Union engagement system in disarray, the A.W.U. began to reassert itself and make progressively stronger demands, culminating in early 1902 with a demand for an increase in the shearing rate to 25/-, a substantial pay rise for shed hands and, among a battery of other claims, the recognition of a closed shop for the A.W.U.\footnote{A.P.R., February 1902, p. 805.} However, while the general market improvement was inspiring the workers to voice their pent-up demands, their employers were still pleading inability to pay on account of

\footnote{250. Based on G. Mair's and W. King's reports to the Pastoralists' Federal Council, 11th Council Meeting, March 1900. The A.P.R., by contrast, dismissed the disturbances as "local and unimportant" (November 1899, p. 504).}
\footnote{251. King's report, loc. cit.}
\footnote{252. A.P.R., February 1902, p. 805.}
the continuing depression in the pastoral sector. In 1900, after the wool price rise of 1899 had collapsed, the New South Wales Pastoralists' Union attempted to cut the shearing rate in many areas indirectly by specifying that shearers should be paid 20/- but required to pay for their own equipment.\textsuperscript{253} In the following season this practice was applied throughout Queensland and New South Wales by decision of the Pastoralists' Federal Council, presumably on the assumption that shearers would accept the small pay rise this effected in the late sheds as offsetting the cuts it produced in the outback.\textsuperscript{254}

From these polarized positions the contending parties launched into a new and protracted phase of industrial disputation in the first decade of the twentieth century. But the renewed demands of the pastoral workers found expression within a political climate far different from that of the early 1890s. With the rise of the parliamentary labour movement, unionism had ceased to be the sole vehicle for the collective aspirations of the labouring classes. The universalism and the crusading spirit of unionism in the early 1890s had faded as the functions of industrial action were more narrowly delineated and unionism's political content attenuated. Even the unions' mode of industrial action had been altered by the intervention of the State through arbitration legislation which clearly established the primacy of negotiation between employer and employee organizations over direct action at the

\textsuperscript{253} Ibid., April 1900, p. 70.  
\textsuperscript{254} Ibid., December 1900, p. 621.
level of the individual station, thereby legislatively
entrenching a hegemonic control over their constituents which
neither the Pastoralists' Unions nor, to a lesser extent, the
A.W.U. had been able to achieve by virtue of their industrial
practice. The Pastoralists' Unions were able to make use of
the arbitration system both to legitimate their status as
employer spokesmen and to harrass the A.W.U. by promoting the
tame Machine Shearers' Union as an alternative employee
organization. But eventually, in spite of the
Pastoralists' Unions' machinations and their substantial
expenditures on strike-breaking, the A.W.U. managed to
wring concessions from the squatters by the sheer persistence
with which its members struck for season after season.

The A.W.U.'s comparative success in the early years
of the twentieth century owed much to the reduced importance of
pastoralism within the colonial economy and the consequent
erosion of the squatting interest's power. The strikes of the
early 1890's had been directed against an unprecedentedly
strong opposition. Not only had the squatting interest's
privileged access to credit and its comparative independence of
local markets insulated it, and permitted it to benefit from,
the disruption facing the urban economy, but British financiers
had moved in to galvanize the squatters' opposition. For a time

255. Ibid., February 1902 p. 826; April 1902, p. 67; May 1902,
p. 138; June 1902, p. 207; December 1902, p. 700.
256. The Victorian, N.S.W. and South Australian Pastoralists' Unions spent £1,100 in 1902 alone, much of it in western
New South Wales (see Appendix A, Pastoralists' Federal Council papers, vol. 9).
the more reactionary squatters had permitted themselves to
dream of a Utopia in which, equipped with a deferential work­
force, they would at last be able to underdevelop the colonies
untrammelled by competition from other interests. But this
hope was frustrated by the workers' stubborn resistance, by
dissension among the employers and, in the last analysis, by
the internal problems of the pastoral industry. Colonial
economic recovery began in other quarters while the pastoral
industry had still to reach the nadir of depression and
drought, and the beleaguered squatting interest was in no
position to resist the wage pressures which then arose from
other sectors. This shift was significant, but merely for the
immediate gains it permitted the pastoral workers but as a
symptom of the squatting interest's inability, in spite of
imperial backing, to dictate the terms under which the
colonies' pastoral resources were to be exploited.
CONCLUSION

Western Squatting and the Imperial Connection.

To state that the outback pastoral experience had a significance beyond itself is not to claim that the episode was typical of late nineteenth century Australian colonization. On the contrary, the western districts were clearly exceptional on several counts: in the extent of their economic dependence on the production of a handful of primary commodities for export; in the magnitude of British investment during the hectic boom years and the scope of the retrenchments which followed during the depression; and in the depth of the social gulf which, in the absence of a strong local petty-bourgeois or small landowner class, divided those who owned the western lands from those who inhabited them. However, seen as an extreme case, almost a caricature, the outback experience throws light on some important issues relating to the nature of Australian settlement and its position within the British empire.

At the heart of contemporary debate on nineteenth-century Australian political economy has been the question of whether this country was a beneficiary or victim of British imperialism. From the older radical nationalist position enunciated by Fitzpatrick, who categorically asserted that the history of the Long Boom was "the story of an economic utilization of the colonies to meet the needs of the imperial country", the weight of opinion has in recent years shifted

towards a contrary position, with writers of such diverse views as Butlin and Rowley emphasizing the positive contribution of British investment and McQueen characterizing Australia as "a willing, often over-anxious partner" of British imperialism. As Clark has argued, the question cannot be answered unequivocally; while the colonies' rapid economic growth and the high levels of per capita income and consumption they enjoyed during the main phase of British capital exports suggest that the colonies shared in the spoils of imperialism, the adverse effects of colonial indebtedness in the stringent lending climate of the 1890s tend towards the opposite conclusion. However it is preferable to elucidate the sources of this ambiguity, rather than simply periodize Australian history into phases of partnership and phases of exploitation.

At the most fundamental level, the colonial economy was based on the expropriation of the Aboriginal population. Whatever the ultimate limitations of its physical environment, the new territory afforded plentiful natural resources for its small white population, without the large pool of super-exploitable labour available in more populous peripheral regions whose indigenous peoples had not been so thoroughly and ruthlessly overwhelmed by white settlement. Insofar as the high

2. McQueen, op. cit., p. 21.
3. Clark, op. cit., passim.
wages and abundance of resources which provided the mainsprings of the colonies' prosperity proceeded from this initial act of plunder, colonists of all classes participated in the fruits of British colonialism.

Beyond this point, however, the influence of the imperial connection was by no means uniformly benign. The fact that the predominantly white colonial working class commanded wages commensurate with or exceeding those of its British counterpart limited, but did not preclude, imperial exploitation. With labour dear, the economic diversification required to break the colonies' dependence on British imports necessarily rested on the introduction of capital-intensive production techniques. But Britain's trade with, and investment in, the colonies selectively assisted those sectors whose development was compatible with the maintenance of British manufacturing and commercial dominance. In doing so, it diverted much of the capital accumulated in the colonies towards the production of raw materials for British industry, enabled British interests to lay claim to a share in the proceeds of colonial prosperity and buttressed the power of the favoured segments of the colonial bourgeoisie at other colonists' expense.

The colonial pastoral interest was pre-eminently a beneficiary of the imperial connection. The high returns the squatters derived from supplying raw materials to the British and Continental textile industries, the ease with which they could circumvent high labour costs by the application of a rudimentary paddocking and watering technology and the minimal infrastructural investment they required to establish themselves
in new territories all made pastoralism a natural focus for the attentions of British and colonial investors. Thus assisted, the expanding pastoral industry spearheaded the dispossession of the Aboriginals and monopolized the spoils; with astonishing rapidity, landed abundance was succeeded by a situation in which unsatisfied land hunger was rampant in the settler population. The imperial partnership became increasingly exclusive as the pastoral interest's power increased. Contrary to their initial aspirations, most of the settlers remained subject to wage exploitation and were shut out from any opportunity to own land. High real incomes alone did not extinguish the opposition between the interests of the landless labourer and those of the large landowner and employer; and, as the depression of the 1890s demonstrated, the concessions the colonial working class enjoyed during the boom could be revoked as soon as the labour market conditions turned in the employers' favour and the power of the workers' organizations was broken.

Furthermore, in spite of its importance as a source of income, pastoralism provided little stimulus to colonial economic diversification. Indeed, in some respects its growth was achieved at the expense of other sectors. The

6. McCarty, while attempting to apply staple theory to Australian economic development, nevertheless conceded that the wool industry's "linkage" effects were weak (J. McCarty, "The Staple Approach in Australian Economic History", in Business Archives and History, 4,1, 1964. pp. 7-8).
industry's low, erratic labour requirements, the mobility it
demanded of its seasonal workforce and the primitive living
conditions which prevailed, especially on absentee-owned
stations, were not conducive to the growth of a large, settled
rural population or the attendant development of house
construction, small-scale manufacturing and service industries.
The bulk of the wool clip was exported with minimal processing,
only a tiny fraction being used by the colonial textile
industry. Even the pastoral construction boom gave colonial
manufacturers little joy, as many raw materials for paddocking
and water conservation were obtained directly from the natural
environment and much of the remainder had to be supplied by
British heavy industry. As pastoral land ownership became more
concentrated and absentee ownership more prevalent, pastoralism
came to resemble a form of internal colonization, dissipating
the proceeds of rural development in conspicuous consumption at
Home or in the colonial capitals.

Though the squatters grudgingly reimbursed the Crown
for their use of the land and made occasional excursions into
mining and into ancillary industries such as meat freezing, on
the whole capital accumulated within the pastoral industry was
seldom applied to promoting the development of other sectors.
The flow of funds was mostly in the opposite direction. Within
the colonial private sector, pastoralism's primacy as an avenue
of investment was unchallenged until the penultimate phase of
the Long Boom. Many of those who entered the industry with the
wool boom of the early 1860s had made their fortunes on the
goldfields, usually as entrepreneurs rather than as diggers,
and for the remainder of the boom period private investment and institutional lending produced a consistent flow of local funds into the industry. Pastoralism's burgeoning capital requirements contributed largely to the capital shortages which hampered urban, industrial and agricultural development during the first two decades of the boom and created conditions highly favourable to British capital exports in the 1880s.

But by the time British lenders made their full-scale entry to the pastoral scene, the squatters' very exclusivism had spurred a countervailing political reaction which threatened to undermine the access to cheap land on which the industry's early successes had been based. Popular resentment at the squatters' landed hegemony and aristocratic pretensions had issued in a series of legislative measures intended to curb the pastoral lessees' power. The New South Wales Robertson Acts had struck at the squatting interest in its Riverina heartland. The cost of defending pastoral holdings against selection in the arable districts had drained the industry of funds and given added impetus to the occupation of the interior, in turn forcing up the cost of entry in the western districts and necessitating heavy capital expenditures to harness the capricious environment of the semi-arid plains. Unable to finance freehold purchase and outback expansion from its wool income alone, the pastoral interest enlisted connections established through the wool trade to give it access to the British money market. It was the squatters' urge to circumvent closer settlement legislation which inaugurated the new phase in their relationship with Britain. Far from being a politically neutral contribution
to colonial advancement, the subsequent inflow of British funds, especially that channelled through the specialist pastoral finance houses, served to inhibit a more equitable distribution of the land, promote speculation in the interior and block the diversification of the rural economy in the central districts.

The surge of pastoral activity in western New South Wales during the 1880s was one of the more spectacular, if least successful, products of this unholy alliance. Pastoralism was never without its speculative element: its accumulated flock assets were vulnerable to a multitude of uncontrollable environmental variables; the price it received for its product depended on the state of an international market whose vagaries were strongly influenced by speculation on actual or anticipated fluctuations in Australian supply conditions; and, during the boom, the expectation of capital gains from the realization of stock and land had become an important, often a dominant, consideration in the formation and management of pastoral enterprises. As entry costs rose and the industry moved inland, the element of risk increased and the margin for error diminished. Yet the squatters and their financiers were reluctant to concede that any setback was more than temporary. The conditions which had actuated the land boom of the early 1880s were successively demolished over the following decade; but through two droughts, a rabbit influx, a highly unfavourable Land Act

and a downward trend in wool prices, the inflow of funds to the western districts squatters continued. The latitude British lenders permitted their colonial agents and clients was only curtailed when a general tightening of the British money market made it inescapably obvious that the pastoral finance companies' outback investments were not yielding the expected return.

The consequences of pastoral marginalisation were uniformly negative. In their attempts to maximise their share in the dwindling returns of the outback stations, squatters and financiers intensified their exploitation of land and labour, at the same time mounting a sustained lobby for a reduction in their rental contributions to public revenue. During the 1880s it was left to the squatters to initiate this process, and by and large they took the course of least resistance, concentrating on lobbying for reduced rents and on maximising output rather than tackling the wage issue. Though there was probably some decline in wage levels, and underemployment during the off-season took its toll of workers' earnings as construction activity subsided and the longer-term labour displacement effects of paddocking and watering came into play, the surge of union activism provoked by the squatters' ham-fisted move to cut shearers' wages in 1886 made it clear that wage cuts would encounter strong opposition. But by the close of the decade the wage question could no longer be evaded. The gains from increasing output were approaching their end; remorseless overstocking had already produced widespread pastoral deterioration and left the western districts squatters without drought reserve fodder. The pastoral lobby had only succeeded
in eliciting half-hearted concessions from the Crown. And, with the prospect of a slackening in British lending imminent, financiers were becoming increasingly anxious to put their western districts accounts on a sounder footing. The active role played by the pastoral financiers in galvanising the squatters' opposition to the unions in 1890 and 1891 heralded a shift within the imperial partnership. Thereafter British interests intervened on an ever-increasing scale to ensure that their business in the colonies was managed with maximum efficiency. This entailed some changes in station management and a curtailment of pastoral clients' personal expenditure; but its main thrust was to enforce wage cuts and retrenchments, passing on to the pastoral workers the costs of a crisis in whose making they had played no part.

The squatters themselves were unable to escape the ramifications of the crisis. British lenders' attitudes towards their colonial agents and clients hardened. Most of the companies still treated the older-established, well-connected squatters with solicitude, and pastoralists of managerial expertise who were willing to place their skills at their creditors' disposal were usually kept on their stations, albeit often as employees rather than as proprietors in their own right. But where savings could be made by placing groups of holdings under collective management, or where pastoral clients were reluctant or incompetent to meet the requirements of the new regime, the squatters were ousted with little ceremony. Retrenchments and salary cuts were also widespread in the companies' Australian offices, and those financiers who
retained their positions were generally placed under detailed supervision from London.

In a wider sense, the failure of the outback experiment seriously compromised the independence of the colonial squatting interest. Not only were many of the largest colonial landowners dragged down by their injudicious excursions into the interior, but the annihilation of capital which resulted left the industry as a whole with little option but a continued dependence on borrowed funds. As crisis and drought ran their course, the pastoral interest came increasingly to display the characteristics of a comprador bourgeoisie, defined by Poulantzas as:

"that fraction of the bourgeoisie which lacks its own base for capital accumulation, which acts in some way as a simple intermediary of foreign imperial control... and which is thus triply subordinated - economically, politically and ideologically - to foreign capital."^8

At the political level, the squatting interest laboured tirelessly to safeguard the imperial connection against the meddlings of radical nationalists and bourgeois protectionists. The squatters' vehement opposition to State intervention in the economic sphere, their disdainful rejection of the labour movement's claims and their contempt for bourgeois politicians who toadied to the labour vote were conditioned both by a desire to protect their own privileges as landowners and employers and by a concern that political conditions in the colonies should not

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jeopardize the security and profitability of present or future British investment. This stance was buttressed by a firm belief that, contrary to the claims of the self-interested demagogues of the left, the interests of squatters and British investors were those of the polity at large.

This, however, remained a minority opinion. Far from inducing a pampered colonial population to pull together for the benefit of the pastoral interest, the depression had exacerbated class tensions and bred a deep suspicion of foreign bankers and all those associated with them. In the eyes of the colonial working class, the imperial connection was grounded in oppression; during the boom they had been paid no more than they deserved, and they had been the first to suffer when their masters' schemes went awry. Smallholders who had long chafed at the finance houses' preferential treatment of the squatters were appalled to witness the land falling into the hands of lending institutions. The many colonists whose funds had been locked up in failed financial institutions were deeply resentful that a coalition of local and British capitalists should thus be holding the colonial economy to ransom. The balance of payments crisis of 1891 had also made the penalties of import dependence painfully obvious and given a fillip to the protectionist manufacturing lobby. These dissident voices merged in a new political consensus inimical to the international division of labour advocated by the squatting interest and its British mentors.

In this sense, not even the British emerged unequivocally victorious from the debacle of the 1890s. Certainly,
many of their initial expectations had remained unrealized.
In the aftermath of the financial crisis, many British
debenture-holders who had looked to Australia to provide them
with remunerative, easily realizable securities were unable
to extricate their funds from colonial institutions and had
to content themselves with low returns and a distant prospect
of repayment. Though foreclosures ensured that the brunt of
the capital losses fell upon mortgagors rather than mortgagees,
in several cases the shrinkage of values had been so severe
as to necessitate calls on British shareholders' funds. These
short-term difficulties reflected a more fundamental problem: a
substantial share of the funds which British investors so
insistently directed towards lending on land in the 1880s had
simply served to enhance land values and fuel speculation by
monopolistic colonial proprietors rather than to make concrete
additions to the colonies' productive assets. In consequence,
during the following decade, British lenders found their
capital concentrated at the margins of the colonial economy,
incapable of influencing or profiting from a recovery which had
originated elsewhere.

Reviewing the havoc wrought in the New South Wales
interior by little more than a generation of pastoral occupa-
tion, it is difficult to believe that even the most fervent
adherent of the gospel of progress could maintain that the net
outcome was a positive one. The outback experience offers an
extreme example of the ill-effects of the precipitate rush to
render the colonies' resources accessible to the imperial
economy. Its very 'irrationality' points up the large role
played by class and sectional conflicts in shaping the process of Australian colonization and the lineaments of the imperial presence. It argues for an appreciation of imperialism, not as a relationship between monolithic national entities, but as a process determined by and in turn determining the contradictions which shape the changing configuration of political and economic power within the colonized nation. In this sense, Australia was neither a victim nor a partner of British imperialism, but merely a field on which the beneficiaries and victims of the imperial nexus engaged in a series of vituperative but inconclusive skirmishes.
Note: Suggestions for Further Research

It has often been noted that the interpretation of nineteenth-century Australian history from a Marxist perspective, as indeed from any perspective, has suffered from the deficiencies of its empirical base.¹ The history of the 1860-1900 period is no exception. In spite of N.G. Butlin's labours to assemble and interpret a mass of quantitative data relating to this period, many important questions remain unanswered. The following are only a few of the areas immediately suggested to me in the course of this research.

There are large gaps in our knowledge of the condition of the Australian working class during the Long Boom. Commentaries on the subject have tended to be couched in generalizations, relying heavily on per capita income and consumption figures. With the exception of Coghlan's figures on cash incomes, little has been done to examine income distribution, and we are still far from having an adequate real income series; the effects of qualitative factors also need to be taken into account. Another area of particular relevance to the conclusions of this study is the role of local mercantile and banking capital in rural development, especially in the eastern districts; this merits examination for its relationship to pastoral capital on the one hand and imported British capital.

on the other. Finally, though the causes of the 1890s depression have been extensively discussed, it is perhaps a reflection of the optimism which has prevailed during the second Long Boom that there has been no thoroughgoing analysis of the depression itself, either for its immediate social impact or for the changes it wrought in the configuration of Australian capitalism.
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ARTICLES


UNPUBLISHED TESIS


### Appendix A: Forfeitures, Surrenders etc., 1890-1901

#### 1. Western Division

<table>
<thead>
<tr>
<th>Year</th>
<th>Pastoral Leases Forfeited</th>
<th>Resumed Areas Forfeited</th>
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<tr>
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<td>Number</td>
<td>Area (acres)</td>
</tr>
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<td>5</td>
<td>309,040</td>
</tr>
<tr>
<td>1892</td>
<td>1</td>
<td>19,400</td>
</tr>
<tr>
<td>1893</td>
<td>2</td>
<td>45,080</td>
</tr>
<tr>
<td>1894</td>
<td>5</td>
<td>805,850</td>
</tr>
<tr>
<td>1895</td>
<td>1</td>
<td>32,840</td>
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<tr>
<td>1900</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1901</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total | 15 | 1,275,370 | 66 | 3,990,070 |

* includes one resumed area of unknown size.

Sources: N.S.W. Lands Department, 8/2225; R.C.W.D Return Z.

#### 2. Central Division Adjacent to Western Division.

**Preferential Occupation Licences:** Twelve preferential occupation licences with a total area of 501,546 acres were surrendered, converted to scrub leases or converted to improvement leases.

<table>
<thead>
<tr>
<th>Year</th>
<th>Resumed Areas Forfeited</th>
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<td>Number</td>
</tr>
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<td>1890</td>
<td>2</td>
</tr>
<tr>
<td>1891</td>
<td>6</td>
</tr>
<tr>
<td>1892</td>
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<td>1893</td>
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<td>1894</td>
<td>2</td>
</tr>
<tr>
<td>1895</td>
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<tr>
<td>1896</td>
<td>3</td>
</tr>
<tr>
<td>1897</td>
<td>1</td>
</tr>
<tr>
<td>1898</td>
<td>2</td>
</tr>
<tr>
<td>1899</td>
<td>2</td>
</tr>
<tr>
<td>1900</td>
<td>4</td>
</tr>
<tr>
<td>1901</td>
<td>2</td>
</tr>
</tbody>
</table>

| Total | 66 | 1,214,394 |

Source: R.C.W.D Return AA.
### Appendix B

**Australian Estates and Mortgage Co. Stations**  

<table>
<thead>
<tr>
<th>Year</th>
<th>Sheep numbers</th>
<th>Working Expenses (£)</th>
<th>Working Expenses per head (£)</th>
<th>Net Income (£)</th>
<th>Net Yield per head (d.)</th>
<th>Yield on Capital invested by Company (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>184364</td>
<td>21739</td>
<td>28.3</td>
<td>+9054</td>
<td>+11.8</td>
<td>+1.5</td>
</tr>
<tr>
<td>1896</td>
<td>218466</td>
<td>21696</td>
<td>23.8</td>
<td>+6884</td>
<td>+7.6</td>
<td>+1.2</td>
</tr>
<tr>
<td>1897</td>
<td>197640</td>
<td>19450</td>
<td>23.6</td>
<td>+24286</td>
<td>+29.5</td>
<td>+4.1</td>
</tr>
<tr>
<td>1898</td>
<td>198779</td>
<td>22198</td>
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<td>+0.9</td>
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<tr>
<td>1899</td>
<td>76965</td>
<td>18423</td>
<td>57.4</td>
<td>-291</td>
<td>+0.9</td>
<td>...</td>
</tr>
<tr>
<td>1900**</td>
<td>131071</td>
<td>17312</td>
<td>31.7</td>
<td>-7094</td>
<td>-13.0</td>
<td>-0.9</td>
</tr>
<tr>
<td>1901</td>
<td>134749</td>
<td>17820</td>
<td>31.7</td>
<td>+13513</td>
<td>+24.1</td>
<td>+1.7</td>
</tr>
<tr>
<td>1902</td>
<td>98775</td>
<td>19921</td>
<td>48.4</td>
<td>+4639</td>
<td>+11.3</td>
<td>+0.6</td>
</tr>
</tbody>
</table>

**Source**: Australian Estates Co. Papers, station reports.

* Properties involved are The Overflow, Panjee, Tiltagara, Tindarey, Piangobla, Springfield (1895-1902); The Priory, Moothumbil, New Babinda, Hermitage Plains (1900-1902).

** The increase in sheep numbers hereafter is attributable to the inclusion of four new stations in the "Cobar Group" (see note above).
Appendix C

Western Districts Population Statistics 1891 and 1901

Notes: 1. The "Barrier district" is taken as being co-extensive with Yancowinna county.  
2. Discrepancies in percentage totals are due to rounding.  
3. Aboriginals are excluded from all figures.

1. Urban and Rural Populations

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban (%)</th>
<th>Rural (%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1891</td>
<td>34185 (56.7)</td>
<td>26063 (43.3)</td>
<td>60248</td>
</tr>
<tr>
<td>1901</td>
<td>45019 (69.1)</td>
<td>20151 (30.9)</td>
<td>65170</td>
</tr>
</tbody>
</table>

2. Dependent Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Dependent Males as % of Male Population</th>
<th>Dependent Females as % of Female Population</th>
<th>Total Dependents</th>
<th>as % of Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1891</td>
<td>9425 (24.3)</td>
<td>17848 (83.4)</td>
<td>27273</td>
<td>45.3</td>
</tr>
<tr>
<td>1901</td>
<td>11124 (28.9)</td>
<td>22092 (82.6)</td>
<td>33216</td>
<td>51.0</td>
</tr>
</tbody>
</table>

3. Housing Materials

<table>
<thead>
<tr>
<th>Year</th>
<th>Stone</th>
<th>Brick</th>
<th>Concrete (etc)</th>
<th>Iron</th>
<th>Wood</th>
<th>Lath and Canvas</th>
<th>Not Stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1891</td>
<td>6.0</td>
<td>5.2</td>
<td>0.5</td>
<td>8.4</td>
<td>47.4</td>
<td>0.7</td>
<td>30.5</td>
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<tr>
<td>1901</td>
<td>9.9</td>
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<td>0.5</td>
<td>17.1</td>
<td>54.1</td>
<td>0.6</td>
<td>10.8</td>
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</table>
## Table: Population by Age and Sex, 1991

### Age Groups

#### Sex

<table>
<thead>
<tr>
<th>Area</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9</td>
<td>20-29</td>
<td>30-39</td>
<td>40-49</td>
</tr>
<tr>
<td>Male</td>
<td>6.8</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Female</td>
<td>6.3</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Total</td>
<td>5.0</td>
<td>8.0</td>
<td>7.3</td>
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</tbody>
</table>

### Area

#### Sex

<table>
<thead>
<tr>
<th>Area</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9</td>
<td>20-29</td>
<td>30-39</td>
<td>40-49</td>
</tr>
<tr>
<td>Male</td>
<td>6.8</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Female</td>
<td>6.3</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Total</td>
<td>5.0</td>
<td>8.0</td>
<td>7.3</td>
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</table>

### Sex

<table>
<thead>
<tr>
<th>Area</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9</td>
<td>20-29</td>
<td>30-39</td>
<td>40-49</td>
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<tr>
<td>Male</td>
<td>6.8</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Female</td>
<td>6.3</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Total</td>
<td>5.0</td>
<td>8.0</td>
<td>7.3</td>
</tr>
<tr>
<td>Occupation</td>
<td>Total Region</td>
<td>Rest of Region</td>
<td>Barrier District</td>
</tr>
<tr>
<td>----------------------------</td>
<td>--------------</td>
<td>----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>M</td>
<td>F</td>
</tr>
<tr>
<td>Workforce distribution*</td>
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<td>Workforce</td>
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<tr>
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<tr>
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<tr>
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</tbody>
</table>

* Note: (---) indicates less than one percent.

([1901 figures are in parentheses])