

Business and empire in a British Australasian world

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Metamorphoses and transformations in British Australasia

Our lecture honours the memory of the late Trevor Reese, a man who—one colleague recalled—combined goodness with high intelligence, and matched intellect ‘with real humility.’ He was: ‘a great human being and a sensitive scholar of quality.’¹ Reese held his appointments at the Universities of Newcastle and Sydney between 1956 and 1962 during a period of profound change in Australia’s social, political, cultural and economic life. It was also the beginning of a great flowering in the writing of Australian history, facilitated by the contemporary expansion of the university system and the greater funding made available for research.² Reese’s own work on Australia registered these developments at the same time as it contributed to them. For him, as for other historians, most notably Manning Clark, ‘the rise of a burgeoning nationalism’ was one of the great themes of modern Australian history, a theme Reese himself touched on in his *Australia in the Twentieth Century: a short political guide* (1964).³ At the same time, like many contemporaries in an era of decolonisation in Africa and Asia, he was deeply disturbed by white Australia’s treatment of indigenous people, ‘a neglected and largely forgotten people’ to whom he devoted the second chapter of that book.⁴ This white Australia, however, was already slipping its moorings in the old British world. Writing in the penultimate chapter on the ‘Menzies hegemony’, Reese observed: ‘The links with Britain would always remain, but the paramountcy of the Commonwealth association was waning. Australia had to discard any lingering regrets for

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¹ G. S. Graham in *The Journal of Imperial and Commonwealth History*, 5 (1976), p. 4.

² The publication of the first volume of Manning Clarke’s *A History of Australia* (1962) was a landmark, but only one example of a burgeoning scholarship, e.g. Robin Gollan, *Radical and Working Class Politics: A Study of Eastern Australia, 1850–1910* (Melbourne, 1960); Geoffrey Serle, *A Golden Age: A history of the colony of Victoria 1851–1861* (Melbourne, 1963); N. G. Butlin, *Investment in Australia Economic Development 1861–1900* (Cambridge, 1964); and John La Nauze, *Alfred Deakin: A Biography* (Melbourne, 1965).

³ *Australia in the Twentieth Century: a short political guide* (London: Pall Mall Press, 1964), p. 22.

⁴ Reese, *Australia in the Twentieth Century*, p. 34; A. G. Hopkins, ‘Rethinking Decolonization’, *Past & Present* 200, no. 1 (2008), pp. 210–47.

days past and brace itself for the problems and responsibilities of a new and challenging future.’⁵ Reese went on to explore some of the implications of this in his major study, *Australia, New Zealand and the United States: A Survey of International Relations 1941–1968* (1969). Shifts in the global balance of economic and military power had altered fundamentally Australia’s place in the world, bringing new alliances and new partners in trade and investment. It was no longer possible—as it once had been— simply to describe either Australia or New Zealand as ‘European outposts on the periphery of an inscrutable, and potentially hostile, Asia.’⁶

It is particularly appropriate then that, this year, the theme of the Festival of Arts and Humanities at King’s College, of which this lecture is now a part, is ‘Metamorphoses: Transformations and Conversions’. Metamorphosis and transformation were written into the DNA of colonial settler societies like those of Australia and New Zealand. The profound transformations during the 1950s and 1960s evident to thoughtful observers like Reese were the latest, but by no means final, development. At the same time it is equally important to recognise that the meaning of the older world of British Australasia was still not lost, if only because so much of the old persisted in the new. This persistence allowed Reese to make the necessary imaginative leap when he cast his gaze back beyond the watershed of the Second World War, something he managed with the sympathetic detachment and insight of a recent immigrant. It made perfect sense for him to describe Australians during the 1920s as people of a ‘dual loyalty’. I quote again from *Australia in the Twentieth Century*:

Australians, indeed, regarded themselves as a people not only independent and possessing distinctive national traditions, but also essentially British, combining a youthful and aggressive national sentiment with a racial pride and a sense of belonging to a world-wide Anglo-Saxon community. Obvious ties with the mother country of ancestry and family, language, literary heritage, economic and strategic interest, constitutional government, and common outlook on fundamental issues made Australians the patriots of two lands: the predominantly British character of their population and the imperial connection with the United Kingdom being as precious to

⁵ Reese, *Australia in the Twentieth Century*, p. 198.

⁶ *Australia, New Zealand and the United States: A Survey of International Relations 1941–1968* (London: Oxford University Press, 1969), p. 3.

them as the individual Australian ethos and their independence of external interference.⁷

Here, in other words, are the ‘Britannic’ or ‘imperial nationalists’ about whom John Darwin has recently written so eloquently.⁸ We can only wonder what Reese would have made of the rolling band waggon of British world studies launched by this Centre from the Institute of Commonwealth Studies in the late 1990s. Perhaps he would first have wondered what all the fuss was about: so much was self-evident. Yet he would surely have welcomed the rescue of the settler world from the indifference and teleology of overtly nationalist historiographies, and its restoration to its rightful place in the story of Greater Britain.

My focus in this lecture will be on the settler world of eastern Australia. I will, however, use the term ‘British Australasia’ to describe it because this was the larger geographical frame within which contemporaries used viewed the colonial societies of the antipodes. As Reese himself observed, this British Australasian world was held together by ‘strategic interest, constitutional government, and common outlook on fundamental issues’, but it also rested on deep material foundations. The labour, production and wealth-creation of the colonist, migrant and native-born—together with those of the middle-men, financiers, company operators, and investors who stayed at, or sooner-or-later returned, ‘Home’: these were the daily reality, the lived experience that created the fabric of new societies. It is fashionable today to talk about the networks of people, goods, ideas and money that made the ‘British world’.⁹ I have always preferred to imagine countless invisible threads binding British Australasians to the far side of the globe. So many of those threads were gathered up in, or passed through, the City of London, only a short distance from here—remembering, of course, that the City was still world’s great emporium for commodities like wool and butter, as well as the cosmopolitan financial centre we first think of today. From there, but also from other parts of the United Kingdom, British commerce and investment fashioned and

⁷ Reese, *Australia in the Twentieth Century*, pp. 85–86.

⁸ J. Darwin, *The Empire Project: The Rise and Fall of the British World-System 1830–1970* (Cambridge, 2009), pp. 159, 167; *Unfinished Empire: The Global Expansion of Britain* (London, 2012), pp. 202, 390, 397–98.

⁹ E.g. David Lambert and Alan Lester, *Colonial Lives across the British Empire: Imperial Career in the Long Nineteenth Century* (Cambridge, 2006); Gary B. Magee and Andrew S. Thompson, *Empire and Globalisation: Networks of People, Goods and Capital in the British World, c.1850-1914* (Cambridge, 2010).

transformed colonial societies. For good or ill, they created the material interests that attached the British people to the settler world.¹⁰

The precise links between the different elements that composed British Australasia—and, most of all, those between the political and the material—were never as obvious as may first have seemed. Yet it was perfectly clear that the City was as significant as Whitehall and Westminster. One of Australia's greatest Prime Ministers, the native-born Alfred Deakin expressed this much when, from the opposition benches in December 1911, he commented on the site on the Strand in London chosen for the Australian High Commission:

We must admit that this great area enjoys an exceptional position on the highway, equidistant between the two best-advertised and best-known sections of London—the City proper, where all the financial interests are centred, and the West End, where all politics are centred and the Departments of the Government are gathered. There [on the Strand] we are in touch with many of the great shipping and other interests ...¹¹

In my lecture I want to consider briefly how these two spheres—the one of politics and formal power; the other of commerce, investment and informal power—related to each other in British Australasia. In other words, what difference did empire make to British business in Australasia? And, above all, how far was the business of British Australasia also the business of empire?

The British empire in Australasia

I am very conscious that in asking these questions I am blowing the dust from some of the older volumes on the shelves of Australia's historical literature. That the business of British Australasia was also the business of empire was as self-evident to Australia's first economic historians as the reality of British Australasia itself was to scholars like Keith Hancock.¹² Brian Fitzpatrick named his two histories of the period from white settlement to

¹⁰ For the political significance of those material ties, D. Denoon, *Settler Capitalism: The Dynamics of Dependent Development in the Southern Hemisphere* (Oxford, 1983), pp. 71-72; A. R. Dilley, *Finance, Politics, and Imperialism: Australia, Canada, and the City of London, C. 1896-1914* (Basingstoke, 2012).

¹¹ *Parliamentary Debates*, 12 Dec. 1911, p. 4126.

¹² E. O. G. Shann, *An Economic History of Australia* (Cambridge, 1930); W. K. Hancock, *Australia* (London, 1930). For Brian Fitzpatrick, see below. The notable exception is T. A. Coghlan, whose four volume *Labour and Industry in Australia: From the First Settlement in 1788 to the Establishment of the Commonwealth in 1901* was published in London in 1918. Coghlan's theme was: 'The things most nearly affecting the Labour movement in Australia' (vol. I, p. v). Arguably he began the interpretative tradition in which Butlin worked. For his nationalism, see A. Dilley, 'T. A. Coghlan, London Opinion, and the Politics of Anglo-Australian Finance,

1939, *British Imperialism and Australia* (1939) and *The British Empire in Australia* (1941); ‘the theme common to both books,’ he declared, ‘being the history of Australian development in relation to British imperial expansion.’¹³ Fitzpatrick and his intellectual heirs viewed this history through the powerful lenses of class analysis and Marxist political economy, an approach—we will see—that still has some merit today.¹⁴ But the next generation of economic historians wanted to tell a different story. Above all, for Trevor Reese’s near contemporary, Noel Butlin, who published his major study *Investment in Australian Economic Development, 1861–1900* in 1964: ‘Australian economic history was not a footnote to the Industrial Revolution nor was Australia a sheep-walk for the benefit of British imperialism’; rather: ‘the critical decisions in capital formation and in the orientation of the economy were taken in Australia, by Australians and in the light of Australian criteria.’¹⁵

In fact, Butlin’s argument was never entirely accepted.¹⁶ There was also a sense in which he was always talking at cross-purposes with Fitzpatrick—whom he obviously had in mind—as well as his later critics. And finally, there were still questions to be asked about precisely *how* the ‘critical decisions’ were made, and by *whom*? The criteria may indeed have been ‘Australian’ because the environment was Australian, but what—if any—were the tensions that arose between British and colonial interests, and how were they resolved? And, finally, where—if at all—did the ‘imperial factor’ come into play?

The starting point for thinking about these questions remains the brilliant insights of Ronald Robinson and John Gallagher, the two greatest historians of the British empire, whose key work was published over half a century ago.¹⁷ Robinson and Gallagher created the stock

1905-1909’ in *Journal of Imperial and Commonwealth History*, forthcoming Special Issue on ‘Finance and Empire’, and note 56 below.

¹³ Brian Fitzpatrick, *British Imperialism and Australia 1783-1833: An Economic History of Australasia* (London, 1939); *The British Empire in Australia: An Economic History 1834-1939* (Melbourne, 1941), p. v.

¹⁴ Ken Buckley and Ted Wheelwright, *No Paradise for Workers: Capitalism and the Common People in Australia 1788-1914* (Melbourne, 1988); R. W. Connell and T. H. Irving, *Class Structure in Australian History*, 2nd ed. (Melbourne, 1992).

¹⁵ N. G. Butlin, *Investment in Australian Economic Development, 1861-1900* (Cambridge, 1964), p. 5.

¹⁶ A. R. Hall, *The London Capital Market and Australia 1870-1914* (Canberra, 1963); W. A. Sinclair, *The Process of Economic Development in Australia* (Melbourne, 1976); C. B. Schedvin, ‘Midas and the Merino: A Perspective on Australian Economic History’, *Economic History Review*, 32 (1979), pp. 542-556; C. B. Schedvin, ‘Staples and Regions of Pax Britannica’, *Economic History Review*, 43, (1990), pp. 533-559.

¹⁷ The summary here is drawn primarily from their major study (with Alice Denny), *Africa and the Victorians: The Official Mind of Imperialism*, 2nd edition (Basingstoke, 1981), first published in 1961. Two essays are also seminal: John Gallagher and Ronald Robinson, ‘The Imperialism of Free Trade’, *Economic History Review* 6 (1953), pp. 1-15; and Ronald Robinson, ‘Non-European Foundations of European Imperialism: Sketch for a Theory of Collaboration’, in R. Owen and B. Sutcliffe eds., *Studies in the Theory of Imperialism*, (Harlow, 1972), pp. 117-140. P. J. Cain and A.G. Hopkins argue in *British Imperialism: 1688-2000*, 2nd edition (Harlow, 2001) that the service sector—whose interests were secured by a dominant ‘gentlemanly’ political class—was

of ideas for understanding the dynamics of imperial expansion and control which are still used today.¹⁸ For them, the *imperial* economy was no less than the British economy itself.¹⁹ From the 1830s, the growth of British industry, allied with the social energy and expansive spirit of the early and mid-Victorians stimulated ‘an ever-extending and intensifying development overseas, as ... investors and manufacturers, merchants and colonists, railway builders and officials opened up new continents.’²⁰ They were inspired by what they assumed to be a ‘universal ideal’, the liberal conviction that political and economic freedom as they understood them was the basis of moral improvement, intellectual enlightenment, and material prosperity.²¹ Expansion abroad seemed to these self-confident generations ‘the spontaneous expression of an inherently dynamic society’. Yet ‘expansion was not essentially a matter of empire but of private commerce and influence’: Victorian commercial enterprise itself was the ‘main engine of expansion.’²² Force and the acquisition of territory were only required, when necessary at all, to create the conditions for British enterprise to flourish and to secure the strategic interests of a commercial nation. Consequently: ‘The formal empire of rule was but a *part of* the informal empire of trade and influence’, in which enlightened local economic actors freely associated themselves as partners of the British merchant and investor in the development of local and metropolitan economies.²³

Thus the English-speaking communities abroad, including the Australasian colonists, were deeply implicated in the process of Victorian expansion:

Where mutual self-interest and understanding were joined, the private business of Great Britain commingled freely with that of Greater Britain and the once-colonial societies of the New World. Hence independent American republicans and self-governing British ‘colonials’ seemed to be the best collaborators in the Victorian world mission.²⁴

the most dynamic element in British imperial expansion. Although striking out in new directions, the importance in their account of fundamental concepts like ‘informal empire’ and ‘collaboration’ illustrates their own intellectual debt to Robinson and Gallagher. Moreover, their notions of ‘structural power’ and ‘service sector’ imperialism are implicit in the latter’s concept of informal imperialism; see *Africa and the Victorians*, p. xix.

¹⁸ E.g. the debt acknowledged by Darwin in *Empire Project*, pp. xii, 793.

¹⁹ The clearest statement of this part of the argument is ‘The Imperialism of Free Trade’.

²⁰ *Africa and the Victorians*, p. 1

²¹ *Africa and the Victorians*, p. 2

²² *Africa and the Victorians*, p. 3

²³ *Africa and the Victorians*, pp. 3, 7, 8 (for quote); ‘Imperialism of Free Trade’. My emphasis.

²⁴ *Africa and the Victorians*, p. 7

Responsible government in the settler colonies, therefore, could not disturb this essential community of interest. It simply reconciled ‘imperial unity with colonial aspirations for independence’.²⁵ Responsible governments were still ‘expected to remain loyal agents of British colonisation, trade and power in their various parts of the world’, as indeed they were.²⁶ Thus: ‘By the Eighteen seventies, confederated Canada, responsibly governed Australasia and the Cape were regarded as the constitutional embodiments of collaboration between British and colonial interests working at its best’; so much so that: ‘The impetus to expansion was soon coming, not so much from the Metropolis as from the colonial communities themselves.’²⁷

Gallagher and Robinson have had their fierce critics.²⁸ The elasticity with which they used their terms in their attempt to create a unified framework for all forms of British imperialism has often been misleading. Many have baulked at the description of self-governing colonists as ‘collaborators’, with the undertones of Vichy now associated with that word.²⁹ Some believe it implied that the initiative for policies pursued in the colonies ‘came from Britain (either from the Colonial Office or from nebulous group of gentlemanly capitalists)’.³⁰ But this was never necessarily part of the argument. It was enough that where interests coincided, they led sections of colonial society to cooperate in maintaining—or attempting to maintain—the conditions in which British enterprise and investment could flourish.³¹

Finally, precisely because of their critics, it is important to emphasise that Robinson and Gallagher understood as well as anybody else the transient nature of British power and influence in the settler world. They keenly appreciated the significance of social change and ‘the rise of colonial national feeling’.³² Thus, by the 1890s ‘imperial authority over dominions was becoming a fiction’; and again: “‘supremacy’ over white dominions seemed by now a word to call fools into a circle’. This last quote within a quote—‘to call fools into a

²⁵ *Africa and the Victorians*, p. 55

²⁶ *Africa and the Victorians*, p. 56

²⁷ *Africa and the Victorians*, p. 9

²⁸ E.g. W. Roger Louis, ed., *Imperialism: The Robinson and Gallagher Controversy* (New York, 1976).

²⁹ E.g. A. Thompson, ‘Informal Empire? An Exploration in the History of Anglo-Argentine Relations, 1810-1014’, *Journal of Latin American Studies* 24, (1992), pp. 423–44, and Buckner below.

³⁰ Phillip Buckner, ‘The Creation of the Dominion of Canada, 1860–1901’, in Phillip Buckner (ed.), *Canada and the British Empire* (Oxford, 2008), p. 68

³¹ *Africa and the Victorians*, p. xix.

³² *Africa and the Victorians*, pp. 231, 469.

circle’—is a definition of a nonsense word used by one of Shakespeare’s characters.³³ Thus, Robinson and Gallagher tell us, as the reign of Queen Victoria drew near its close, the notion of British supremacy over white colonial societies was absurd.

The business of British Australasia

Robinson and Gallagher’s ideas still have much to offer when we think about the relationship between British business, expansion and imperialism in Australasia. A brief account might go something like this.³⁴ The motivation of the Victorians and their immediate predecessors in Australasia was to make British enterprise fruitful in a new region, to create new production, to incorporate this into the expanding metropolitan economy, and to make themselves rich. The highly urban colonial societies that emerged may not have been what they originally anticipated, but dependence on the metropolitan economy kept those societies firmly within its orbit nevertheless.³⁵ Moreover, the very existence of new ethnic British communities combined with their sense of isolation strengthened original attachments to the Home society, creating the reasons to reinforce—or, at the very least, maintain—existing economic orientations. The critical developments were the decisions of the imperial authorities during the 1820s to encourage private enterprise, and the subsequent pastoral breakout from the original bridgeheads of convict settlement. What followed should be reasonably familiar: the rush of free migrants and British money; the introduction of a Wakefieldian land policy; the rise of pastoralism; the formation of the first great Anglo-Australian trading banks and investment companies; the activism of the colonial shipping interest; the creation of the corporate settlements in South Australia and New Zealand. All these took place during the 1830s. They marked the real foundation of British Australasia.

I want to highlight here four characteristics of the business of British Australasia as it emerged from these beginnings.³⁶ First, British business in Australasia was essentially ‘Wakefieldian’. Edward Gibbon Wakefield during the 1830s and 1840s was the great English

³³ *Africa and the Victorians*, p. 439; *As You Like It* (II. v. 59–60).

³⁴ The best recent study is N. G. Butlin’s posthumous *Forming a Colonial Economy, Australia 1810-1850* (Cambridge, 1994); for the rest of this paragraph, also see Sinclair, *Process of Economic Development*; S. J. Butlin, *Foundations of the Australian Monetary System, 1788-1851* (Sydney, 1953/1968); F. J. A. Broeze, ‘Private Enterprise and the Peopling of Australasia, 1831-50’, *Economic History Review* 35 (1982), pp. 235-253.

³⁵ Butlin argued in both *Forming a Colonial Economy* and *Investment on Australian Economic Development* that the high level of urbanisation in isolated conditions at an early point in Australian history created a separate dynamic in the colonial economy which operated independently of the export sector.

³⁶ For an introductory overview, G. Bolton, ‘Money: Trade, Investment, and Economic Nationalism’, in D. M. Schreuder and S. Ward eds., *Australia’s Empire* (Oxford, 2008), pp. 211–18.

exponent of assisted migration and the sale of colonial lands to finance this at what was known as the ‘sufficient price’. But I am not thinking here of Wakefield the political economist so much as Wakefield the abductor of heiresses and speculator son of a land agent. For Wakefield, the temperate lands of North America and Australasia needed only to be fertilised by British capital to yield a rich return. Wakefieldian investment in its purest form meant buying land for speculation, but it might also extend more broadly to any investment in property, real estate, natural resources, or associated transport and communication infrastructures that could turn a profit or yield interest. The British money that chased mortgages in New South Wales and Van Diemen’s Land during the 1830s; the activities of the land finance companies floated in the 1870s; the middle-class wealth entrusted—blindly, as it happened—to Australian fixed deposits in the 1880s: it was all Wakefieldian investment.³⁷ It allowed the rapid combination of capital and labour in land-rich new societies in ways that had greatest attraction to the *rentier*. As late as 1930, Edward Shann observed sardonically, Australia ‘to this day is largely financed by the British middle class.’³⁸

Second, from the 1850s colonial governments themselves took responsibility for the construction and operation of railways and other major infrastructure which, in other parts of the settler world were substantially handed over to private entrepreneurs.³⁹ In fact, even when promoters did much of the work, their relations with politicians were often close and murky, many governments still having to issue or guarantee bonds to finance overly-ambitious and speculative private schemes.⁴⁰ Nevertheless, the direct responsibilities assumed by Australasian colonial governments had far-reaching consequences we can barely contemplate here. Public agencies occupied a position that in other places was filled by local entrepreneurs or foreign companies; the opportunities for the accumulation of substantial private wealth were severely curtailed; colonial governments became dependent on the state of their credit and what could be borrowed, or scrounged, in London in order to maintain the momentum of economic development and satisfy their supporters.

³⁷ For further discussion, Bernard Attard, ‘Wakefieldian investment and the birth of new societies, c. 1830 to 1930’, in Christopher Lloyd, Jacob Metzer and Richard Sutch (eds), *Settler Economies in World History* (Leiden: forthcoming 2012).

³⁸ *An Economic History of Australia* (Cambridge, 1930/1948), p. ix.

³⁹ The best introductory account is still Butlin, *Investment in Australian Economic Development*.

⁴⁰ For a recent entertaining account of these relationships, Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: 2011).

Third, both Wakefieldian investment and government borrowing meant that the business of British Australasia was also the business of the City of London.⁴¹ This was because only the City could satisfy the demands of the company operator and the colonial politician alike. By 1914, for example, the mechanism for government borrowing in the City had been perfected to a remarkable degree.⁴² Between them, the Bank of England and one of the world's largest joint stock banks, the London, County & Westminster, acted as the agents and registrars for virtually all Australasian loans offered to the British public. These were made acceptable investments by being listed on the London Stock Exchange. Success was assured by a system of underwriting in which any unsold bonds were automatically taken up by the banks, stock exchange firms and other financial institutions that had been contracted to do so. At the centre of this system was a select group of brokers who arranged the underwriting and ultimately had virtually absolute power over whether a loan could be issued. The most important of these brokers was Robert Nivison, who arranged—at a price—the underwriting for the loans of all the dominions except New Zealand. In many ways, the system benefited the colonists themselves. But the borrowers were also shackled to it. Without the cooperation of the underwriting parties, whose loyalties were exclusively with Nivison, there could be no access to London money and without that no state investments in railways and other amenities.

The final characteristic of the business of British Australasia should be the most obvious. At the core of the export economy was the great pastoral industry itself.⁴³ This had always been pre-eminently Wakefieldian. It gathered about itself the vast complex of Victorian service enterprise: the shipping lines; insurance companies; agency houses of all description; the banking and specialist financial firms. Besides government loans and urban real estate, the pastoral industry was the main beneficiary of British capital in Australasia. British banks and land companies provided the money that allowed pastoralists to stay afloat,

⁴¹ Once again, Butlin, *Investment in Australian Economic Development*, remains the key introduction, together with A. R. Hall, *The London Capital Market and Australia 1870-1914* (Canberra, 1962).

⁴² For the colonial bond market in 1914: R. P. T. Davenport-Hines, 'Lord Glendyne', in R. T. Appleyard and C. B. Schedvin (eds), *Australian Financiers: Biographical Essays* (Melbourne, 1988); B. Attard, 'The London Stock Exchange and the Colonial Market: The City, Internationalisation and Power', in C. Dejung and N. P. Petersson (eds), *The Foundations of Worldwide Economic Integration: Power, Institutions, and Global Markets, 1850-1930* (Cambridge University Press: forthcoming 2013); B. Attard, 'Imperial Central Banks? The Bank of England, London & Westminster Bank, and the British Empire before 1914', paper presented at the Eighth International Conference of the Historical Mission of the Bank of France, Paris, 15 and 16 March 2012 (copy available from the author on request).

⁴³ There is a large literature but still no satisfactory single history. For a recent scholarly study which provides an entry into the broader subject, S. Ville, *The Rural Entrepreneurs: A History of the Stock and Station Agent Industry in Australia and New Zealand* (Cambridge, 2000).

sell their wool, acquire land and improve its carrying capacity; other British companies invested directly in pastoral enterprise themselves, or became pastoralists by default because of their debtors had failed. By 1898, 18 British-registered companies (including four banks) held pastoral leases in Queensland.⁴⁴ In most cases, the same companies also operated across the colonial border in New South Wales. One of them was the New Zealand and Australian Land Company, registered in Edinburgh in 1877.⁴⁵ By the 1890s, it operated stations in Queensland and NSW. The largest was Wellshot, near Longreach, on the semi-arid plains of central Queensland, a property which covered over 1,200 square miles held on pastoral lease from the Queensland government.⁴⁶

Business, empire and colonial nationalism

What difference, then, did the empire make to British business in British Australasia? And how did the business environment change as settler societies themselves were transformed into larger, more complex and assertive political communities? The first point to make is that British business and investment were not necessarily ‘empire-minded’; indeed, to quote Robinson and Gallagher again, the movement of British commercial development and colonisation was ‘intrinsically neutral’—trade and investment went wherever profit might be found, independently of the flag or British imperial policy.⁴⁷ The land-rich territories of the Crown in Australasia were merely one possible field of British activity. Nevertheless, assuming the prior attraction of economic opportunity, the colonies offered particular benefits to British investors. The witness I want to call is William Soltau Davidson (figure 1), the General Manager of the New Zealand and Australian Land Company. At the turn of the century, pastoral companies like Davidson’s were contemplating directing their new investments to Argentina, where costs were generally lower and workers perceived to be less militant. In April 1899, Davidson wrote to his company’s agents in Melbourne:

⁴⁴ *Queensland Government Gazette*, 70, no. 24, 25 July 1898. All the companies, except the Law Debenture Corporation Ltd (promoted in London in 1889), are discussed in J. D. Bailey, J. D. ‘Australian Company Borrowing, 1870-1893: A Study in British Overseas Investment’, (D.Phil. thesis, Oxford University, 1958); for the LDC, *Times*, 16 Dec 1889, p. 11.

⁴⁵ K. Tennant, ‘Management and the Free Standing Company: The New Zealand and Australia Land Company c. 1866–1900’, in *Journal of Imperial and Commonwealth History*, forthcoming Special Issue on ‘Finance and Empire’.

⁴⁶ *Queensland Government Gazette*, 70, no. 24, 25 July 1898, p. 238.

⁴⁷ Robinson and Gallagher, *Africa and the Victorians*, pp. xiii, 251.

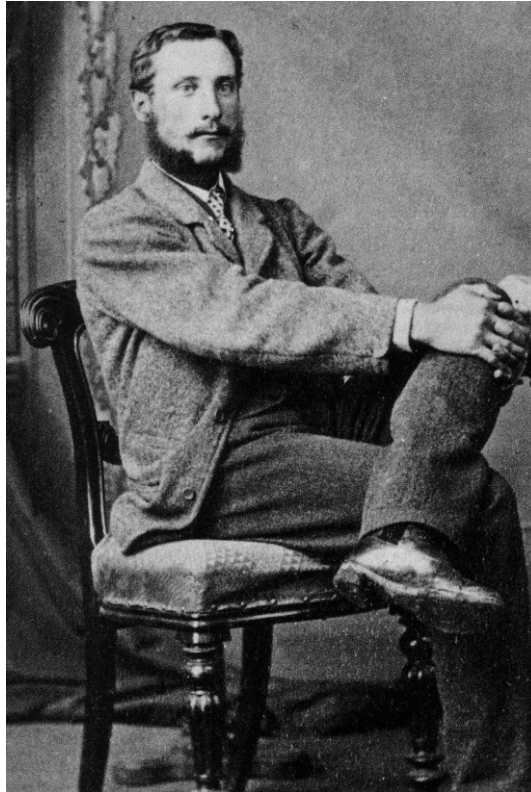


Figure 1. William Soltau Davidson, c. 1882

With our experience of New Zealand I feel that Australian squatters have still to discover what the ultimate rate of taxation on freehold is to be & they have also even a more serious outlook to face in the shape of the annually increasing competition from the Argentine, which I am convinced is in every way, excepting in the matter of Government & class of population, a far finer, & more productive country than Australia is, or ever will be.⁴⁸

Yet there was the rub for this particular Briton: ‘the matter of Government & class of population’. The Australasian colonies offered British investors and company promoters a stable environment, a familiar system of government, the rule of British law, and above all a social system which presented virtually no barriers to entry. Political boundaries and ethnicity thus combined to create a privileged sphere for British business in Australasia. Colonisation secured the channels through which British enterprise flowed. Distance, imperial boundaries and British ethnicity made a relatively closed world which—in contrast to the settler societies

⁴⁸ W. S. Davidson to Messrs Dennys Lascelles Austin & Co., no. 375, 27 April 1899, GD435/408, f. 46, National Archive of Scotland (NAS); also see, no. 575, 19 Feb. 1903, GD435/411, ff. 587–91, NAS.

of South America or even Canada —deterred outsiders. Finally, they provided few incentives to the Australasian colonists themselves to look beyond Britain, tying them to the London capital market—for example—so that often they had virtually no room to manoeuvre or opportunity to drive a better bargain.

Yet there was more to the influence of empire than this. The careers of so many who went to Australia and New Zealand during the nineteenth century show how British business in the region emerged from the process of colonisation itself. We can think of William Davidson (1846–1924) himself, who spend 12 years in New Zealand before returning to Edinburgh, but also many others: the indefatigable, William Westgarth (1815–89), who passed 17 years as a merchant and politician in Victoria before becoming a pillar of the colonial bond market—and a founding member of the Royal Colonial Institute—in London;⁴⁹ Donald Larnach (1817–96), another Scot, who lived 18 years in New South Wales, and then himself settled in London as the local managing director of the Bank of New South Wales; and finally the partners of the soft goods merchants, Paterson, Laing & Bruce, including John Munro Bruce—father of the future prime minister—who emigrated to Melbourne in 1858 and sadly took his life in Paris at the beginning of the new century.⁵⁰ The list can be continued almost endlessly. Together, these colonial sojourners and permanent settlers formed a British-Australasian business community whose activities and imaginative lives joined the great cities of imperial Britain to the urban centres of commerce in the colonies, and finally to the outback and the bush. This was the particular space of British-Australasian business.⁵¹ Besides the collective enterprise in which it was engaged, this world was bound by respect for property, political conservatism, and the Protestant faith. And, finally, each of these elements—material interest, ethnicity, class and religion—aligned it closely with local colonial business and commerce, making it possible to find common cause when their shared interests were threatened.

In this colonial setting it was often difficult to distinguish the direct representatives of British economic expansion from their collaborating partners; indeed, the collaborators, as Robinson put it, were ‘prefabricated’.⁵² Nevertheless, as colonial society became larger and

⁴⁹ Trevor R. Reese, *The History of the Royal Commonwealth Society 1868–1968* (London, 1968), pp. 13, 16.

⁵⁰ For Westgarth, Larnach and Bruce see the *Australian Dictionary of Biography*, online edition, <http://adb.anu.edu.au/>, and David Lee, *Stanley Melbourne Bruce: Australian Internationalist* (London, 2010), pp. 3–5; for Davidson, *Dictionary of New Zealand Biography*, <http://www.teara.govt.nz/en/biographies>.

⁵¹ For this notion of ‘space’ as essentially relational and not bounded by geography or immediate locality, see Doreen Massey, *for space* (London, 2005), e.g. pp. 9, 184–85.

⁵² Robinson, ‘Non-European Foundations of European Imperialism’, p. 124.

more complex, tensions emerged which contributed to the formation of local identities and a distinctive colonial nationalism. Some of these tensions had deep roots in the early histories of the Australasian colonies, but from the middle of the nineteenth century three are particularly striking.

The first was associated with the rise of new political constituencies in the enlarged population left by the gold rushes. These constituencies were empowered by generous male suffrages and exploited by urban politicians wishing to break the power of the squatters, who occupied most of eastern Australia.⁵³ The radicals wanted to take land from the pastoralists and re-distribute it amongst small farmers. The struggles that arose were prolonged and rancorous. The squatters brazenly exploited the weaknesses of the early legislation and its administration, deepening divisions that were already bitter. From the 1880s, however, both the law and its administration became more effective: 'The pastoralists' fortress was to be stormed and their monopoly of the plains broken.'⁵⁴

The struggles over land were part of the wider competition for access to economic opportunity in the colonies. This was articulated remarkably early in a language of colonial nationalism that played explicitly on the sense of antagonism between the local and the 'foreign'. It was the second great tension in British Australasia. Most notoriously, it was voiced by the radical, anti-imperialist Sydney broadsheet, the *Bulletin*.⁵⁵ But the language of colonial nationalism might also be used by those—often British migrants or temporary birds of passage themselves—who wanted their own share of the colonial pie. When, in 1852, local merchants founded the Bank of Victoria to compete with the two established British banks, one supporter vented his spleen on the monopoly of 'the two Goliath foreign banks, of whose proprietors scarcely a single one resides in the Australian colonies.'⁵⁶

Finally, the languages of colonial nationalism and antagonism to the holders of economic power were reinvigorated by the emergence of two new political forces in the last

⁵³ Stuart Macintyre, *A Concise History of Australia* (Cambridge, 1999), pp. 97–99; for Queensland, D. B. Waterson, *Squatter, Selector and Storekeeper: A History of the Darling Downs, 1859–93* (Sydney, 1968), p. 2.

⁵⁴ D. N. Jeans, *An Historical Geography of New South Wales to 1901* (Sydney, 1972), pp. 285, 287; R. L. Heathcote, *Back of Bourke: A Study of Land Appraisal and Settlement in Semi-Arid Australia* (Melbourne, 1965), pp. 46–49, 135 (for quote), 146–47.

⁵⁵ J. Hirst, 'Empire, State, Nation', in D. M. Schreuder and S. Ward eds., *Australia's Empire* (Oxford, 2008), p. 151; Macintyre, *Concise History*, p. 131.

⁵⁶ The *Argus*, 4 Dec. 1852, in *Select Documents of the Nineteenth Century: Vol. 1* (Melbourne, 1988), edited by H. W. Nunn, p. 329. Also see Coghlan, *Labour and Industry in Australia*, vol. I, pp. 540–41.

years of the old century: organised labour and the small farmer.⁵⁷ In parts of the labour movement, in particular, they combined with other ingredients—socialism, anti-imperialism and hostility to the ‘money power’—and produced a sometimes virulent class politics which was reciprocated by its opponents. The new class divisions were further embittered by sectarianism, the Irish Troubles and the struggles over conscription during the First World War.⁵⁸

It goes without saying that these transformations created a different environment for British business in Australasia, one in which it became increasingly self-conscious and defensive. Retaining what you held was just as important as expansion.⁵⁹ Radical critics now believed that the colonial bond market in London was dominated by a monopolistic ‘ring’ bent on extracting high commissions and speculative profits from Australian borrowers.⁶⁰ British companies operating in the colonies themselves suffered the triple disadvantage of being absentees, capitalists, and agents of British imperialism. It was disorientating for them. Faced with severe drought and the prospect of further losses of land, the pastoralists weighed the odds of new investment. In December 1898, William Davidson wrote to his company’s agents in Melbourne: ‘it is very difficult to make up one’s mind to spend large sums of money on improvements of which we are pretty certain to be deprived, and with what compensation it is very hard to estimate, when apparently Government’s chief object is to give us as little as possible, and [to] view squatters generally *as a class to be gradually exterminated*.’⁶¹

Business imperialism in British Australasia

How, finally, did British business respond to the new challenges? First, it organised. In May-June 1899, the companies variously connected with the pastoral industry—including Davidson’s New Zealand and Australian Land Company—formed the British Australasian Society in London. The original intention was to assist the squatters by educating public

⁵⁷ The literature on the labour movement is considerable. Macintyre, *Concise History*, summarises the salient events and identifies key texts, but P. Love, *Labour and the Money Power: Australian Labour Populism, 1890-1950* (Melbourne, 1984) should be particularly noted. For the relatively neglected farmers’ movements, B. D. Graham, *The Formation of the Australian Country Parties* (Canberra, 1966).

⁵⁸ Macintyre, *Concise History*, pp. 161–63, 165.

⁵⁹ For political parallels, Gallagher and Robinson, *Africa and the Victorians*, p. 470.

⁶⁰ Dille, *Finance, Politics and Imperialism*, pp. 1, 142–43.

⁶¹ W. S. Davidson to Messrs Dennys Lascelles Austin & Co., no. 359, 22 Dec 1898, GD435/407, ff. 227–28, NAS. My emphasis.

opinion in the colonies.⁶² But the Society also immediately started creating alliances with local pastoral associations and lobbying governments directly. In correspondence with colonial ministers, it did not hesitate to describe itself as the ‘representatives of British Investors’.⁶³

The significance of the British Australasian Society probably cannot be overstated. The greatest concentration of British direct investment was tied up in the pastoral industry. The Society’s formation marked a new self-consciousness and a new assertion of the interests of specifically *British* capital. The organisation emerged from the particular circumstances of Australasian pastoral enterprise during the 1890s, in a specific political context and pattern of industrial relations.⁶⁴ It signified a new defensiveness; an awareness of the necessity to act collectively and establish alliances in the colonies themselves. This combination of self-consciousness, assertion and defensiveness was most explicit when the Society threatened to cut off the lifeblood of British investment itself. In 1902, it announced after failing to obtain satisfactory legislation from the Queensland government:

It is sufficient to say that those who are concerned here must respectfully but firmly declare that they can no longer conceal from themselves the menace to British Securities jeopardised by the present precarious position, and that they regard the postponement of redress as the prolongation of a period of uncertainty which is calculated to destroy confidence in the future: they must further declare that, failing a speedy reversal of the Government’s decision, they will be most unwillingly compelled to withdraw their capital from Queensland and to withhold any additional supplies of capital beyond what is absolutely required for the purpose of maintenance until that withdrawal can be effected.⁶⁵

In extremis, there also was the possibility of appeal to the formal authority of the Imperial government itself. This was the second line of defence for British capital. As late as the 1920s, the Royal Instructions required British Governors in the Australian states to

⁶² W. S. Davidson to Messrs Dennys Lascelles Austin & Co., no. 377, 11 May 1899, GD435/408, ff. 68–69, NAS. No archive for the Society has been located but its activities can be traced in the records of the governments it lobbied and of the pastoral companies themselves.

⁶³ British Australasian Society to Hon. R. Philp, 25 Jan 1901, item 862856, Queensland State Archive (QSA)

⁶⁴ Two key elements in the political and economic context were the unionisation of the workforce—culminating in the strikes of 1889, 1891 and 1894—and the rise of political labour in Queensland. The British pastoralists also felt politically isolated and pressed by land resumptions, e.g. W. S. Davidson to R. J. Jeffray, 22 Nov 1898, GD435/325, f. 373; Davidson to Jeffray, 19 June 1899, GD435/326, ff. 256–57, NAS.

⁶⁵ STATEMENT Respecting PASTORAL TENURE in QUEENSLAND in relation to SECURITIES held by BRITISH INVESTORS, 11 Aug. 1902, item 862856, QSA.

withhold assent from any legislation of an ‘extraordinary nature and importance’ that might injure ‘the rights and property’ of British non-residents.⁶⁶ In practice, the mandarins of the Colonial Office knew better than to be dragged into a constitutional controversy over the rights of British investors. Intervention really *would* have been a word to call fools into a circle. In 1918, the Minister’s private secretary told one MP who was lobbying on behalf of the pastoral companies:

Mr Long has asked me to reply to your ... letter of the 1st July with regard to the Queensland leases. As you know it is impossible for him to interfere and he would only do more harm than good if he tried to do so, but he suggests that you might like to come and have a talk to ... the head of the Australian Department here, though I am afraid that the interview could not do any good.⁶⁷

But the mandarins *did* know that business had more effective alternatives. When, later in 1918, the Committee of the London Stock Exchange asked for help for the British owners of the Brisbane Tramways Company, Henry Lambert, an assistant under-secretary, observed:

the C[ommitt]ee have a much more powerful weapon in their own hands—protests from the S[ecretary] of S[tate] in advance such as are suggested would not necessarily help them, while almost certainly involving the S[ecretary] of S[tate] in a conflict with the State Gov[ernmen]t. *The C[ommitt]ee ought to be able to bring the State to its knees, if they mean business.*⁶⁸

Lambert was referring to the Stock Exchange’s power to make a borrower’s debt unmarketable in London by refusing it a listing. The reliance of Australian governments on the City meant they were especially vulnerable to any interference with their credit. The pastoral companies had already threatened at least once to withdraw their own capital from Queensland. They would have an even more immediate impact if they could stop the colonists from getting any money at all.⁶⁹

⁶⁶ Instruction to the Governor of the State [sic] of Queensland, 29 Oct 1900, VII. 5, PRO CO 380/163, f. 22, The National Archives, Kew (TNA); JFNG[reen], minute, 1 Feb. 1918, PRO CO 418/175, f. 366, TNA.

⁶⁷ H. F. B[atterbee] to Col. G. Gibbs, 4 July 1918, PRO CO 418/175, f. 10, TNA.

⁶⁸ Minute, H. L[ambert]. 8 October 1918, PRO CO 418/175, f. 145r, TNA. My emphasis.

⁶⁹ It is possible that British companies and investors were becoming more militant from the turn of the century. Dilley cites several examples. If so, it is further evidence of the growing insecurity of investors in the British dominions. Nevertheless, breach of contract had been a familiar rallying cry of aggrieved shareholders since the mid-nineteenth century, if not earlier; Dilley, *Finance, Politics and Imperialism*, pp. 72–74, 118–20; Attard, ‘London Stock Exchange and the Colonial Market’.

This is exactly what the British Australasian Society did when, in February 1920, the Queensland labour government of Edward Theodore swamped the Legislative Council and passed an amendment to the Land Act which removed the upper limit to how far pastoral rents could be raised.⁷⁰ The amendment had been blocked by the conservative upper chamber for four years. Throughout, the pastoral companies condemned the measure as repudiation of contract—the most damaging criticism that could be levelled against any borrower in London. The consequences were felt through the entire edifice of British-Australasian business. In Queensland, local business and civic associations from the Employers’ Federation to the Women’s Electoral League lined up to make common cause.⁷¹ The response was all the more febrile because of the hysteria worked up in the state since the Labor Party’s electoral victory in 1915 and the bitter legacy of the conscription referenda.⁷² The secretary of the King and Empire Alliance warned Viscount Milner, the current Secretary of State: ‘In Queensland today is being enacted the first real solid step towards the disintegration of the Empire.’⁷³ The upshot was that the finely-tuned mechanism for raising Queensland loans in London stopped working: the underwriters on whom the government’s broker relied deserted the state. For four years, the premier and the British Australasian Society outaced each other. Finally, a settlement was brokered by the senior partner of Freshfields—the solicitors of Queensland’s financial agent in London, the Bank of England. In May 1924, Theodore froze the pastoral rents that had been increased since the passage of the obnoxious ‘repudiation act’; in return, the companies announced they had no interest in embarrassing the state’s financial operations in London.⁷⁴

Conclusion

The Queensland loan boycott was a striking demonstration of the power of British business in Australasia. Indeed, between the two world wars, the burden of British capital weighed heavily on Australian debtors. Yet, despite this, the episode’s results were paradoxical. The capital strike in the City of London was a terminal point rather than the

⁷⁰ The following is based on the author’s own research on the loan boycott, which is part of a wider study of ‘money power’ in eastern Australia. The two relevant published accounts are B. Schedvin, ‘E.G. Theodore and the London Pastoral Lobby’, *Politics* 6 (1971), pp. 26–41, and T. Cochrane, *Blockade: The Queensland Loans Affair, 1920 to 1924* (Brisbane, 1989). The latter is largely concerned with the ramifications in Queensland and has little to say about loan policy or the boycott itself.

⁷¹ E.g. Petition to His Majesty, PRO CO 418/203, ff. 596–97, TNA.

⁷² R. Evans, *Loyalty and Disloyalty: Social Conflict on the Queensland Homefront, 1914–18* (Sydney, 1987).

⁷³ A. Langley Simmons to Milner, PRO CO 418/203, f. 494, TNA.

⁷⁴ E. G. Theodore to President, British Australasian Society, 28 March 1924; F. W. Turner to E. G. Theodore, 31 March 1924, Item 862856, QSA,

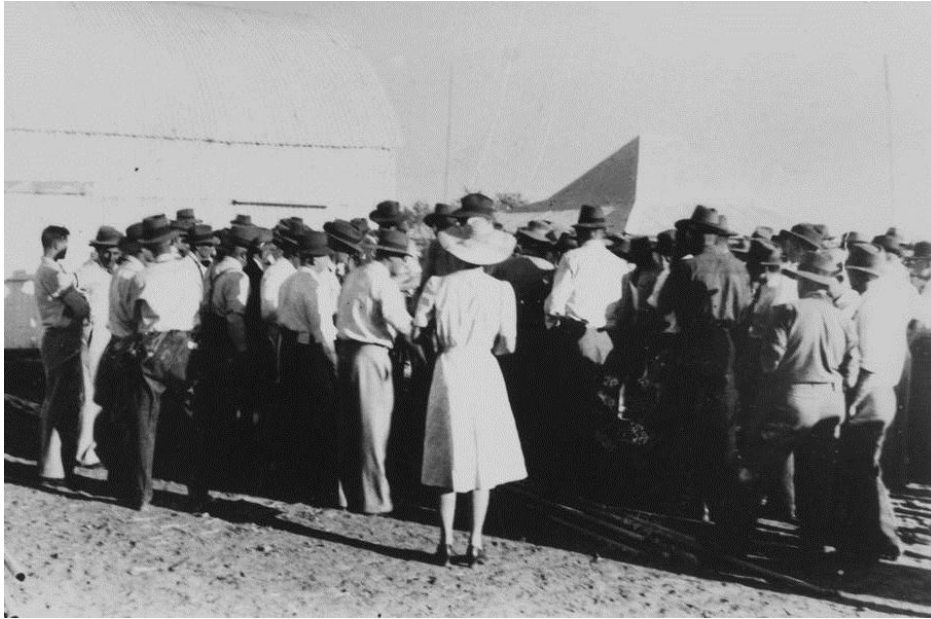


Figure 2. Clearing sale at Wellshot, 1947 (State Library of Queensland)

beginning of a new phase of British power in the antipodes. It was the climax of tensions that reached back deep into the colonial era, but having released them could not make any fundamental difference to the position of British investors in the dominions. By attempting to coerce a government that was re-elected each time it returned to the electorate, the pastoral companies were travelling down a dead end. By 1924, it was as important to them as to the state premier to find a way out. Their demands were not met; the only concession they received was the stabilisation of rents.⁷⁵ They also had inadvertently worked a breach for foreign capital in Australasia. American financiers queued to offer money to Ted Theodore. Queensland issued two loans in New York during the boycott, the first significant borrowings by any Australasian government in the United States.

Finally, the British companies were powerless to stop the resumption of pastoral land for closer settlement which had recommenced shortly before the First World War.⁷⁶ In May 1948, the enormous Wellshot station of the New Zealand and Australian Land Company itself became only 'a memory'. By now it was a quarter the size it had been at the turn of the century. The land was divided into ten grazing homestead selections, five reserved for returned servicemen; 25,000 sheep were trucked to the Company's remaining properties in

⁷⁵ W. H. Leese to Governor, 20 March 1924; Statement, 'The Anglo-Australian Pastoral Lessees ...' no date, G30/13, Bank of England; c.f. Schedvin, 'London Pastoral Lobby', p. 40.

⁷⁶ For the process in the Warrego country which straddled Queensland and New South Wales, R. L. Heathcote, *Back of Bourke: A Study of Land Appraisal and Settlement in Semi-Arid Australia* (Melbourne, 1965), pp. 180–81.

southern Queensland and New South Wales, the biggest such transfer ever attempted, prompting calls—never met—for the extension of the railway from Charleville to Blackall.⁷⁷

We have come almost full circle to the point at which Trevor Reese viewed the history of modern Australia. The British pastoral companies persisted into a later era; the social world of British Australasia survived at Wellshot and so many other places in the outback and cities. We see it gathered at the clearing sale at the station in 1947 under a bright Australian sun (Figure 2). The old was still embedded in the new. Yet, to make the same point again: settler societies were by their very nature places of metamorphosis and transformation. They still are today. For this reason, for British business in Australasia—as for Australasian society itself—the new was also always embedded in the old.

⁷⁷ *Morning Bulletin* (Rockhampton), 30 April 1948, p. 1; 12 May 1948, p. 1; *Courier Mail* (Brisbane), 13 May 1948, p. 3; 26 May 1948, p. 3.