Political Economics: The State and Economic Growth in Queensland, 1900-1913

This chapter will assess the dynamics of the Queensland economy from the turn of the century until just prior to World War I and will incorporate an examination of industry sectors and demographic patterns of development in terms of the interaction between the economy and some aspects of the ideology and processes of Queensland’s political economy. During the first decade of the twentieth century Queensland’s economic development was quite rapid despite several setbacks caused by financial and environmental crises. Queensland’s expanding economy began to reorganise with improved sectoral diversity associated with growth in the agricultural, secondary and tertiary industry sectors. The primary focus of government economic and social policy was directed towards agricultural settlement, rural intensification and decentralisation with railway construction at the centre of this developmental push to socially engineer a predominantly agrarian society. Despite the selective protests of organised labour, wholesale immigration was generally encouraged in the hope of filling the empty spaces beyond the coastal urban clusters with farming families. Queensland’s political economic drive towards an agrarian utopia was also in direct conflict with the dominant economic patterns of urbanisation and industrialisation that characterise this period in Australian history. To a large degree, the potential success of closer settlement and the agricultural sector generally relied upon the development of urban concentrations to provide the domestic consumer demand to underwrite rural intensification. Class dynamics were also in flux: the contradiction of populist support for the yeomanry ideal and burgeoning urban working class created new political tensions and formations. Liberalism, conservatism and labourism jostled for political hegemony. The rise in political influence of organised middle-class capital and organised labour threatened the political-economic supremacy of the mercantile and pastoral elite. The dominance of rural workers in the labour movement, however, ensured a continuous focus on rural policy reform and economic development. The urban working class demonstrated a dualist approach which supported urban and rural development.

The general historiographical consensus suggests that Queensland was economically dependent on primary production. When compared with the southern states, Queensland was considered industrially retarded and its manufacturing sector relatively underdeveloped and
unsophisticated. Some of the main themes in economic development considered in the historiography include the patterns of expansion and dominance of the pastoral industry, the growth in agricultural activity associated with closer settlement schemes, developmental railways, mining, ports and trade, Labor’s state enterprise program, and the institutionalised responses intended to give primary producers control over marketing their own commodities. This reflects the obvious rural bias that infused the political economy of the period. However,

the discipline of economic history generally has not paid sufficient attention to Queensland, nor has economic analysis in the general body of Queensland historiography been as rigorous and encompassing as it could be. Close empirical analysis of the economic processes and sectoral composition of Queensland’s economy indicates that the economic significance of the secondary and tertiary sectors has been somewhat understated. Furthermore, the impact of internal and external political, financial and ideological forces that drove the Queensland economy need to be further scrutinised in relation to one another in order to gain a better understanding of these inherently complex tensions.

The Global Economy

Any analysis of Queensland’s economic development must be considered within the broader context of the evolution of the global economy. The period under review encapsulates great changes in global trade and the balance of economic, political and military power. The industrial revolution had reached its zenith and Britain’s position as the ‘workshop to the world’ was being successfully challenged by rapidly expanding industrial economies in Germany, France, Italy and the United States.² From the early 1890s a truly global market began to take shape influenced by the larger dynamic of industrial capitalism, a process that continued to the outbreak of war in 1914. Countries on the periphery of the industrial capitalist economies benefited from the increased demand for their raw materials and primary commodities, particularly those included among the European colonial empires and spheres of influence.³ This demand alone was not, however, sufficient to underwrite the positive terms of trade required for the successful development of peripheral economies such as Queensland’s. The prerequisite for the success of long distance commodity transfers was expanding urban consumer demand and the lowering of the relative costs of transportation, or more precisely, the rapid and sustained reduction of shipping freight rates to the periphery due to advances in transport storage technology. In effect, lower freight rates expanded the agricultural land available to Europe without the need for territorial expansion. Countries such as the United States, Canada, New Zealand, Argentina and Australia were in the position to expand primary production. Before increased primary production could be achieved on the periphery,

sustained inputs of labour and capital had to be realised. Mass immigration and high levels of foreign investment from Europe and America were key linkages in the expansion of peripheral economies. World trade increased rapidly during the late nineteenth and early twentieth centuries and as the peripheral economies began to mature they created protective tariff barriers with the view to fostering industrialisation.\textsuperscript{4}

The years 1900 to 1913 marked a period of unprecedented growth in world trade. This aberration was again not realised until the post-war boom of the 1950s and 1960s. The value of global commodity exports grew at an average rate of 5.3 per cent per year and in volume by 4.1 per cent.\textsuperscript{5} This period also saw dynamic growth in Gross Domestic Product (GDP)\textsuperscript{6} with many countries achieving an annual average growth rate of over 2 per cent. In this era of emerging dynamic industrial capitalism, rapid and sustained economic growth laid the basis for the globalisation of markets and finance creating economic interdependence that bridged geo-political boundaries and individual tariff regimes.\textsuperscript{7} Despite Britain’s relative decline as the dominant industrial power during the early decades of the twentieth century still remained the central facilitator of world trade and the clearing house of global finance. The world’s private and public debt was raised on London’s capital markets.

During the late nineteenth and early twentieth centuries growth in international investment was astonishing. For example, between 1900 and 1914 approximately (US)$523,000 million was invested around the world by Britain, the United States, France and Germany. This investment flow was accompanied by the greatest global migration of human beings in history. All of this economic and social dynamism was the result of the historic combination of increased mass purchasing power and consumption, new technologies, new processes of production which led to increased production, productivity and decreased per unit costs,
improvements in industrial organisation and transport, intensification of agriculture and gold mining, which all contributed to the first global economic miracle.\(^8\)

During this period of sustained dynamic and intensive reorganisation perhaps the most significant change was in the nature of class relations and politics. By the late nineteenth century the significance of economic matters and material conditions became increasingly important in individual and collective political consciousness as modes of stimulating, ordering, understanding and measuring societies and social progress. Economic growth altered long-term intra-class and inter-class relationships. Mass industrial society evolved, and great forces of production and consumption were unleashed unlike anything seen before in the history of humankind. Science, technology, innovation, machines, labour processes and new material desires would interact to create overlapping waves of social, economic and political change at a pace previously unimaginable.\(^9\) Social, political and economic institutions collapsed, or were reorganised and new ones constructed. Spiritual, religious, and social certainties were challenged, and the new economic religions battled for the material souls of the masses. These immense changes eventually reached into even the most isolated parts of peripheral economies such as Queensland.

**The Ideology of Rural Development in Queensland**

It was within this dynamic context of economic and social change that Queensland fought to position itself as a key player in world commodity markets, principally in the trade of wool, meat, dairy foods, sugar and minerals. Queensland’s economic status at this time was still that of a developing peripheral economy beholden to the fluctuating market demands of Britain and Europe. This status was widely recognised and the relative social and economic immaturity of Queensland meant that governments were necessarily heavily involved in affairs affecting the state’s sustained and rapid economic development in order to best exploit trade opportunities with Europe. Indeed, such heavy reliance upon the vagaries of foreign trade led successive Queensland governments to sponsor rural intensification and expansion of the domestic market through bold programs that entrenched Queensland’s exceptionalist

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reputation in developmental policy. These policies focused almost entirely upon the expansion of rail networks linked to pastoral expansion and closer settlement agriculture with the intention of generating greater domestic rural production and exporting surpluses interstate and overseas. Rural development was linked to assisted immigration schemes, and domestic policies (land grants and establishment loans) were aimed at encouraging the ‘surplus’ urban population to take up life on the land. High structural unemployment was a constant problem for Queensland governments and the prospect of rural development solving this problem excited Queensland’s politicians and the general public.

For successive Queensland governments, the expansion of rural industries seemed the most obvious course of action to soak up surplus labour, particularly the urban unemployed. Here the agrarian dream began to take pride of place in the political economy. There is no doubting the broad political popularity of the yeomanry ideal in Queensland. The yeomanry ideal was the belief that economic growth and security, moral superiority, social stability and legitimacy could all best be achieved in an agrarian society based upon small acreage family farms. Despite the political popularity of this ideal, the evidence of urban growth and intensification demonstrates that the majority of immigrants and native-born preferred the urban existence rather than the honest privations of the selectors life. In fact, Queensland, demographically, was as intensely urbanised and decentralised as it was agrarian, since the primary industries sector was dominated by vast pastoral runs. Here the contradiction is compelling. Nowhere was the political drive for rural development so strong and the reluctance of immigrants and urbanites to partake in closer settlement so contradictory.

This dichotomy is intriguing. Generally, when one can identify a continuity of political

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14 I. Young, Theodore: His Life and Times (Sydney: Alpha Books, 1971), pp. 182-3. Theodore eventually recognised this reality and hoped to counter this reluctance on the part of urban people to move onto the land in his and William Gillies
economic ideology shared across the class spectrum and reflected in state policy, one would expect that schemes developed to service this common desire would have attracted a much higher level of participation. While the populist anti-urban, anti-industrial, and anti-centralist attitudes of successive Queensland governments were powerful deterrents to urban and industrial progress they were not sufficient to stimulate an exodus *en masse* from the coastal cities. The populist support for agricultural development was, nevertheless, contradictory to the hegemony enjoyed by pastoral interests within the political economy of Queensland, although this in itself does not explain the lack of commitment of the general population to engage in closer settlement schemes that clearly enjoyed their political support. This dichotomy between ideology and action requires much closer analysis, nevertheless, it is argued here that this contradiction is based upon a sensible divergence between ideals and material reality. Moreover, the cultural hegemony of the bush ethos that emerged during the 1890s may have permeated the urban consciousness to such an extent that political support for closer settlement solidified.\(^\text{15}\) The average urban or immigrant working class family were, nonetheless, perhaps content to seek their future in close proximity to urban centres where immediate and future prospects for employment, education, and other services and facilities were more readily accessible. As well, perhaps the ongoing failure of many agricultural settlement schemes provided a rationale for people to settle for the urban existence.

In terms of the hegemony of pastoralism, the push for agricultural development, and the corresponding lack of enthusiasm for developing manufacturing industries in Queensland one must consider these issues within the context of the broader political economy of the British Empire.\(^\text{16}\) The rise of pastoralism in Queensland, and the close linkage between it and the source of much of the investment capital and the markets for pastoral commodities, is no coincidence. In many respects, from both official and unofficial financial and commercial relations, pastoralism suited the political economic hegemony of Britain, providing a significant source of raw materials for British factories while stimulating the economic and demographic expansion and consolidation of the Empire. The colonial political economy was dominated by these same forces, and the extent of state involvement in economic affairs, and in particular, the direction of economic development, was significant and, indeed, fundamental to it. In essence, the rural bias dictated by the processes of the political economy worked to the advantage of the pastoral sector, the sugar industry, and, to a lesser extent, the

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\(^{15}\) Johnston, *The Call of the Land*, p. 146.

\(^{16}\) See Philip McMichael, *Settlers and the Agrarian Question: Foundations of Capitalism in Colonial Australia*
development of agriculture more generally, while effectively marginalising the manufacturing sector. This ruralist hegemony over the political economy was to continue throughout the first half of the twentieth century and seems to have largely deflected the influence of the broader logic of modernity. That is, the logic of industrial capitalism maintains that industrial development and urbanisation were understood, in the processes of the modern political economy, to be the primary foundations of economic and social progress. The twentieth century was the epoch of industrial society. The developmental urges of Queensland governments, however, sought to bypass the highway to industrialisation and sectoral diversity, and all but ignored the pressing realities of urban intensification and infrastructure requirements.17

The Demographics of Development

At the turn of the century Queensland’s economy was in a semi-depressed state owing to the ongoing effects of the long drought that began in 1898 and continued until 1903. While one must refer to the Queensland economy in broad terms it must be stressed that it was not an homogenous economy. Rather, it was, and is, a heterogenous entity comprised of several distinct regional economies subject to wide variations in climate, resources, geomorphology, markets, and population densities. These regions were all at different stages in their economic evolution, and relied upon common as well as specialised markets. These regional economies had diverse sectoral compositions, geographically distant labour markets with widely varying environments, and they all experienced quite different climates.

The broad generalisations made throughout this study are qualified by a recognition that the general experience may not have been the case in certain regions, and where possible, these divergences will be explored and explained. Indeed, regional experiences of the long drought provide a good example of some of these differentials. The worst affected areas were in south, west and central Queensland, and 1902 was regarded as the worst season experienced in Queensland to that point in time. In far north Queensland, however, the impact was more marginal, where only the meat trade conducted through Townsville was depressed due to stock losses from poor pastures and the spread of tick fever.18


18 Rockhampton Chamber of Commerce, Rockhampton Chamber of Commerce Annual Report of the Executive...
Furthermore, the economy in the far north of the state has always differed from that in the central and southern regions. For example, the 1890s was a decade of strong economic growth in the north: the industrial base was rather more dynamic and diverse than in the centre and south with good performers such as timber, mining and smelting. The relative prosperity is demonstrated in the export figures of the coastal ports which indicate that a slump in trade was experienced in southern and central Queensland throughout the 1890s with recoveries not evident until 1898 in central Queensland and the early 1900s in north Queensland. In the North, however, there were steady increases in export trade throughout this period.19

The divergent economic experiences of the south, centre and north can be better understood when examined in light of economic-geographic factors and location theory. Queensland’s decentralised economy, dependence on primary production, and patterns of trade can be understood to comply with certain aspects of Urban Base, Centre-Periphery, and Agricultural Location theories. While tenets of Central Place theory, which reinforce the idea that the urban nucleus, for example, Brisbane, provides the impetus for surrounding rural development, did have some impact on industry location in Queensland, this was overshadowed by the factors associated with Urban Base Theory, suggesting the impact of rural export-oriented (as well as domestic generated) activities as being key factors in promoting urban growth and economic development.20 Moreover, the Centre-Periphery Model, which ‘integrates demand and supply oriented approaches within a historical and institutional framework,’ 21 emphasises in-flows of labour and capital over base export demand and is useful in explaining the essential correlation between the importation of human and financial capital from the primary source of demand for Queensland’s primary exports. In Queensland’s case, the contribution of human and financial capital transfers were matched by base export demand.

Linked to the useful concepts drawn from the Urban Base and Centre-Periphery models are facets of Agricultural Location Theory which identify the most significant variables that

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19 ‘Summary of Production - Industries & Interchange - Exports & Imports, Statistical View of Queensland Since Separation from New South Wales’ ['Summary'], Votes and Proceedings of the Queensland Legislative Assembly [V&PQLA], 1 (1901); Lewis, A History of the Ports of Queensland, Table 1b., p. 272. & Alan Jenkins, Attitudes Towards Federation in Queensland, M.A., University of Queensland, 1979, pp. 120-121.


21 Ibid., p. 59.
fundamentally influence ‘the spatial equilibrium pattern of agricultural production.’ In essence, this theory allows one to identify those indigenous and exogenous factors that stimulate or suppress agricultural production, linking geomorphological aspects with considerations of market demand, distance between location of the production and consumption, access, types and costs of transportation and land values. These factors can provide a great deal of information about the ultimate viability of agriculture in a particular region, and in this case, can be used to partially explain the closer settlement in many areas of Queensland. As the sources of Queensland’s exportable commodities were widespread, associated processing industries highly decentralised, and with markets distant and subject to heavy transportation costs, a model incorporating some of the features of all four of these theories (Urban Base, Central Place, Centre-Periphery, and Agricultural Location Theory) is more applicable.

To this end a model specific to Queensland’s historical experience and referred to as the Decentralised Commodity Export Model has been formulated to support the arguments presented in this thesis. This model stresses that in Queensland the link between economic forces and demographic patterns is fundamental. Queensland’s economic geography was shaped by the interplay between external demand for rural commodities (principally wool, meat, minerals, and later, dairy products), based upon urban expansion in Europe (as distinct from domestic urban demand), and the spatial diversity of its resources, access to and dominant types of transportation and available commodity transfer technologies, and the systemic linkages of the importation of human and financial capital with the principal export markets. Essentially the Decentralised Commodity Export Model takes into account the spatial and aspatial aspects of Queensland’s trade cycle, stressing spatial features as the dominant factor that simultaneously induced decentralised production and urban growth and restricted centralisation, urbanisation and more intensive agriculture. In Queensland, however, the centralisation of population, production in, and trade through, the metropolis was avoided. In Queensland domestic urban concentrations were not of sufficient density, for example, to generally stimulate a propensity towards sophistication and diversity in manufacturing production. This model provides a broad explanatory framework from which to better understand the decentralised nature of Queensland’s economic structure: a structure which evolved in response to external patterns of trade and finance stimulated widely dispersed commodity production in economically suitable locations linked to several equally vital export-import nodes located along the coast which serviced specific regional hinterland

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The development of several distinct regional economies with their respective urban hubs generated a high degree of regional economic independence and encouraged attitudes of self-reliance and self-determination which would be the cause of great political friction when the issue of federating the colonies arose from the late 1880s. Although debate raged within Queensland, apart from Samuel Griffith’s key role in the federation debate of the early 1890s, Queensland played only a marginal role during the crucial years of the federation campaign in the latter part of the decade.23 Federation of the Australian colonies coincided with the peak of the drought-induced depression in Queensland. The combination of drought, economic downturn, and uncertainty, which arose from the fear of a trade war with the southern states after the removal of protective colonial tariffs, created a sense of economic and social insecurity in Queensland. The sense of foreboding expressed by sections of the business community, and their employees, stimulated renewed calls for the creation of new states in central, northern and far north Queensland. The separationists, quite correctly, recognised that federation would effectively extinguish any hope of the creation of these new states.24

From the perspective of the colonial governments the insertion of the Braddon clause25 into the Constitution was a fiscally painful compromise that would inevitably reduce colonial/state revenue bases in favour of increased centralised Commonwealth control over customs and excise revenue and the advent of a universal tariff.26 The economic goal of the Constitution

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26 David Pope, 'Protection & Australian Manufacturers' International Competitiveness: 1901-1930', *AEHR*, 26, 1, (1986), p. 23. The first universal tariff was the Kingston Tariff of 1902 which was primarily an exercise in revenue raising that, nevertheless, existed with the intention of assisting in the protection of local industries. The first purely protective tariff was the Lyne Tariff of 1908. C. R. Hall, *The Manufacturers: Australian Manufacturing Achievements to 1960* (Sydney: Angus & Robertson, 1971), p. 75.; F. K. Crowley, *Modern Australia in Documents 1901-1939* (Melbourne: Wren Publishing, 1973), pp. 38-9 & 156. Western Australia was only required to reduce its tariff collection by twenty per cent per year over five years to 1906. The fiscal process of federation was divided into three separate financial periods. The first was to 1902 when the first Commonwealth tariff was allowed and the states could no longer collect tariffs. For the first two years the Commonwealth was expected to confine itself to collecting existing excises to finance the establishment of its administrative services. During the second stage from 1903-1910 the Commonwealth began to collect more revenue through customs and excise and to redistribute not less than seventy-five per cent of this to the states in the form of grants. This stage was called the 'book-keeping period.' From
was to create free trade between the states and thus bolster Australia’s overall economic performance and potential. The Courier editorialist supported a revenue-based tariff but whole-heartedly opposed any form of protective tariff. The members of the Brisbane Chamber of Manufacturers (BCM) supported universal tariff protection but were ill at ease over what impact free trade between the state would have on the viability of their factories. The membership of the Brisbane Chamber of Commerce (BCC) was divided over the issue, depending on members’ perceptions of how federation and tariffs would affect their businesses. The attitudes towards federation of the various employer groups around Queensland varied considerably, with the Townsville (TCC) and Rockhampton Chambers of Commerce (RCC) opposing federation, while the Maryborough Chamber of Commerce (MCC) and the Queensland Employers’ Federation (QEF) were generally supportive of the move. The economic implications of federation for Queensland were considered by most as a double-edged sword. On the one hand it offered an expanded national market for Queensland’s primary produce, especially its sugar and beef, while on the other, the same tariff-free status favoured the full competitive advantage of the southern manufacturers over an apparently weaker Queensland manufacturing sector.

Attitudes towards federation in Queensland cannot be referred to in any homogenous sense. There were distinct differences of opinion associated with various contributing factors such as class, occupation, political orientation and location. Queensland took its time in putting the question of federation to the people. In Queensland, 65 per cent of registered voters turned

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30 G. Stupart, MCCAR, 1902-03 & 1904-1905, JOL & Queensland Employers’ Federation, ‘Annual General Meeting’ [AGM], 18 September, 1899 & 14 September, 1900, Queensland Employers’ Federation Minutes of Meetings [QEF], Film 0090 V1/C1, 1886-1914, JOL. The Federated Employers’ Union of Queensland [FEUQ] was formed in 1886 and changed its name to the Queensland Employers’ Federation [QEF] in 1904.
31 For analyses on federation and Queensland see Jenkins, Attitudes Towards Federation; L. Green, The Queensland Attitude to Federation, B.A. Hons, University of Queensland, 1952 & K. N. Clark, An Examination of Queensland Attitudes to the Federal System 1900-1920, B.A. Hons, University of Queensland, 1960.
32 Coghlan, Labour and Industry, Vol. IV, pp. 2370-80. New South Wales, Victoria, Tasmania and South Australia first voted in their respective referendums in June 1898. New South Wales at first rejected federation, but voted again in June 1899 in the affirmative. The question was put to Queensland voters on the 22nd of September 1899 and passed. Western Australia had also delayed its response but the question was finally put and accepted in July 1900.
out for the referendum in September 1899 (the national average was 61 per cent). Of this 65 percent of voters only 55 per cent voted for the affirmative proposition. In all, only 36 per cent of the total registered voter pool in Queensland actually voted in favour of federation, so the victory for the affirmative was less than comprehensive. Indeed, the 55 per cent yes vote was the lowest affirmative vote recorded in any of the colonies.

Alan Jenkins argues that those advocating federation were united by a mixture of patriotism, nationalism and a sense of homogeneity of origins shared by the colonies. The victory, however, was a hollow one as there remained a solid core of support for an independent colony of Queensland. The labour movement was especially hostile towards federation, and calls were made for Queensland to cede from the Commonwealth and form its own independent nation. As early as 1902, Thomas Plunket, Member for Albert, moved for Queensland’s secession in protest over the perceived negative impact federation had on Queensland’s industries. Both Robert Philp and William Kidston, while supporting this sentiment, were not, however, inclined to take such drastic action. Plunket’s motion was wholeheartedly supported by the Townsville Chamber of Commerce, which is not surprising as Townsville and neighbouring Thuringowa were staunch centres of separationist activism.

As well as higher issues of loyalty, nationalism and continental defence, Jenkins identifies economic issues as being the primary motivation for the way various sections of Queensland society voted in the federation referendum and for their subsequent perceptions of how federation impacted on Queensland’s economy. Simple correlations between specific industry groups, for example, are difficult to demonstrate because sections within various industries varied in their position depending on their location and principal markets.

against federation. Rejection of federation was also linked to the negative economic impact it was believed would disadvantage a particular industry or district. The voters of Rockhampton, where there was a strong body of separationists, were also fearful that the coastal rail link would, under federation, unfairly advantage the industries of Brisbane at the expense of their own. Some other towns were more optimistic; they believed that federation would assist in their linkage to rail networks and expand trade through their towns, as was the case with Warwick, Maryborough and Gladstone.37

There were many other reasons for voting against federation. Manufacturers were divided in their positions on federation; their support of, or objections to, federation depended upon the size and financial strength of their particular manufacturing business and the perceived benefits or otherwise that free trade between the states would have on their trade, market share and costs of raw materials.38

For many, the answer to the question of federation was not a simple ‘yes’ or a ‘no’; the pros and cons of federation were often difficult to assess. The attitudes of some of the executive members of the BCC reflected the guarded optimism of many members. They were not entirely convinced of the real economic benefits that might be derived from federation. Nevertheless, they felt such a union of the colonies was inevitable and in the long-term interests of Queensland.39 In 1899, A. J. Carter, president of the BCC, expressed his economic nationalist support for federation. He argued that it would be of economic benefit to all the colonies through the establishment of a single national free market. Federation, he stressed, was needed to displace parochial attitudes with a more ‘broad-minded view’ that would allow Australia to make ‘intelligent progress’. Carter admitted that Queensland was more reliant upon its customs revenues than the other colonies and for that reason Queensland should have a strong hand in drafting the new constitution.40

37 Jenkins, Attitudes Towards Federation, pp. iv & 134-5.
38 Ibid., pp. 156-65.
39 J. Leahy, BCCAR, 1900-1901, p. 27., JOL.
40 A. J. Carter, BCCAR, 1899-1900, p. 36., JOL. Carter was president from 1898 to 1902 with the exception of 1900 when John Leahy held the position.
By 1903, federation was beginning to have a direct impact on Queensland’s economy and the views of some members of the BCC had somewhat soured. Abraham Hertzberg (BCC president in 1903) was scathing in his attacks on the negative impact he perceived federation had wrought on Queensland’s economy. Hertzberg’s bitter criticism of federation comes as no surprise; along with a later BCC president, A. J. Thurlow, he was a prominent member of the Anti-Convention Bill League. In his opinion, federation had been ‘most injurious’ to Queensland by creating more legislative restrictions on trade, by encouraging the further concentration of trade in the southern cities, and through the subsequent dumping of cheap goods on a tariff free Queensland market. Hertzberg claimed that federation had reduced the volume of trade handled by Queensland merchants by over £2 million. Moreover, he contended that lower real wages had cut consumer spending power and undermined the stability of the Queensland economy. Furthermore, he predicted that federation would be a curse on Queensland’s future prosperity and would seriously retard its economic development. This, Hertzberg asserted, was proved by the decline in investment in Queensland, a particular problem for the manufacturing sector where many had suffered ‘to the point of extinction’. Hertzberg also blamed federation for the demise of the Philp government, claiming that the Premier’s strong support for it had amounted to political suicide.

While federation adversely affected the viability of, and employment in, the manufacturing sector, its negative impact on all industry sectors was exacerbated and distorted by the lingering effects of the long drought. This situation is conceded by R. W. Thurlow (BCC president in 1908) who admitted that the early years of federation had been difficult, but with the return of good seasons, the states had recovered well. Thurlow’s reconsideration of federation was rebutted by Hertzberg in the following year. He argued that Queensland’s under-development was due to federation and the situation could have been much different had they ‘not, in a weak moment, given away our birthright’. Hertzberg’s views seem to be somewhat extreme, however, and definitely overstate the negative impact of federation upon the viability of Queensland’s manufacturing sector. If Hertzberg’s assertions were correct then E.J.T. Barton, a writer and commercial agent at this time, would have noted these problems in

41 Jenkins, Attitudes Towards Federation, p. 162.
43 J. W. Thurlow, BCCAR, 1908-1909, pp. 7-8, & A. M. Hertzberg, BCCAR, 1909-1910, p. 11., JOL.
his account of Queensland’s the manufacturing sector written in 1909. In Barton’s view any disadvantages appear to have been more than counter-balanced by new opportunities and increased trade.\textsuperscript{44} Indeed, other regional chambers were also less enthusiastic in damning federation such as the Maryborough Chamber of Commerce (MCC) was dominated by manufacturers; businesses relied upon them, and they were committed protectionists who fully supported federation.\textsuperscript{45}

As the views of the MCC reveal, regional and intra-industry variances in attitudes towards federation were of paramount importance and were almost always economically motivated. Moreover, these views were based upon how various industries in a particular district were performing at the time and how they were expected to fare after federation. Jenkins suggests that, as a ‘rule of thumb’, the districts where industries were more prosperous were inclined to support federation, while those who were less prosperous voted against the perceived threat federation posed to their livelihoods. Indeed, in north Queensland the ‘yes’ vote was particularly strong and Jenkins argues that this was in a large part due to the general prosperity experienced in the north during the 1890s.\textsuperscript{46} Not everyone in the north was supportive, however, anti-federation pro-separatist sentiment was particularly strong around Townsville prior to federation,\textsuperscript{47} and afterwards, as expressed, for example, by the support shown by the TCC for Thomas Plunket’s secessionist motion put to the Queensland parliament in 1902. The more closely one examines the economic dividend or deficit that an industry group or representative perceived would result from federation, the more convincing is Jenkins’ ‘prosperity’ thesis.\textsuperscript{48}

The vote on federation generally can be divided into two broad demographic categories. The ‘no’ vote was dominant in an area ‘of about 100 square miles in the extreme south-east and a smaller section around Rockhampton. The rest of Queensland showed varying degrees of loyalty towards federation, with support being strongest in the extreme north and west’.\textsuperscript{49}

\textsuperscript{44} For a more detailed analysis of this question see Chapter 3. E. J. T. Barton, ed., \textit{Jubilee History of Queensland: A Record of Political, Industrial, and Social Development} (Brisbane: H.J. Didamms & Co, 1909), pp. 234-5, 239, 247, 251, 255, 259, 261 & 263.

\textsuperscript{45} G. Stupart, \textit{MCCAR}, 1902-03 & 1904-1905, JOL.

\textsuperscript{46} Jenkins, Attitudes Towards Federation, pp. 1-iv & 121-2. & Harris, \textit{Regional Economic Development in Queensland}, p. 75.

\textsuperscript{47} Henderson, More Than Rates, Roads and Rubbish, pp. 133-6.

\textsuperscript{48} \textit{Ibid.}, pp. 156-65.

\textsuperscript{49} Jenkins, Attitudes Towards Federation, p. iv.
The qualitative and quantitative evidence clearly suggests that federation had a positive impact on Queensland’s economy and its industries and that the negative aspects claimed in the early to mid-1900s have been somewhat overstated. Indeed, if federation had impacted as severely as was claimed, then a clear pattern of greatly increased interstate imports and decreased domestic production in Queensland would be evident. The figures demonstrate only a mild growth in imports until 1906 (when interstate imports increased rapidly) and stronger overall growth in exports, accompanied by strong growth in production. Although a complete breakdown of imports by type is not available for the period 1900-1910, those that are available do not indicate any significant increases that can be solely attributed to a flood of interstate imports into Queensland immediately after colonial tariffs were removed.

Essentially, the growth trend in overall trade that emerged out of the 1890s depression was interrupted prior to federation because of the long drought, but re-emerged from 1903. The economic contraction in these years, while in part a response to inter-state free trade, was most significantly influenced by the depression associated with the long drought (1898-1903) and regular fluctuations in cyclical demand and production.

The Queensland Economy 1900-1913

From the 1890s to World War II (1939-1945), Australia was to experience cycles of economic growth, stagnation and depression. Broad-based statistical analysis demonstrates a series of long-term trends in economic cycles lasting approximately fifteen to twenty-five years. From 1890 to 1933, Queensland’s GDP increased by 147 per cent. This involved a recovery from the 1890s depression by 1895, with slow growth until 1903 due to a tight money market and drought. Positive growth was experienced during the 1900s, despite two mild depressive periods (1901-1904 and 1908), but this growth trend stalled after the out-break of war in August 1914. As mentioned previously, estimates for the total value of production of all Queensland’s industry sectors are not available until after 1910. It has been calculated from the available data, however, that the gross value of production for all of Queensland would have been approximately £17 million in 1901 which had increased to £26.4 million by 1911.

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53 ‘Summary: Interchange - Exports & Imports, 1900-1914’, QSS, QPP, 1 (1931), pp. 20-3k.
and to £36.8 million by 1913.\footnote{Estimated Gross Value of Production in Various Industries - Queensland 1911-1930', in \textit{A.B.C. of Queensland Statistics} [ABCQS]. 1929, p. 199 & 1932, p. 234. These estimates are based upon Metropolitan Wholesale Market Prices as generally applied to primary produce, average mineral and metals prices on international markets, and for manufacturing an estimate of crude value added by the process of manufacture.} This represents an overall increase in value of something in the order of 116 per cent between 1901 and 1913.

Trends in Queensland’s trade figures clearly indicate that the regressive effect of the long drought lingered until at least 1905 (see 2.1 and Table 2.1). Total trade (imports and exports) declined sharply between 1899 and 1901, stagnated until 1904, and then grew steadily (with the exception of a slight slump in 1908) through to 1913. The slight increase in total trade between 1901 and 1903 suggests an early recovery from the drought. Upon closer examination, this increase can be attributed to a growth in imports at the expense of exports. Exports largely followed the overall trend, although their performance prior to 1908 was better. Import trends were similar to the overall trade trend until 1903, when imports declined as exports increased to 1905, before a steady increase to 1912 after which there was a sharp decline in imports to 1913. The trade figures prior to 1910, which include interstate imports and exports, demonstrate how significant Australian domestic trade was to Queensland’s economy. Queensland was exporting more than it was importing from interstate in 1910. Total trade was valued at £16.8 million in 1900 and £25 million by 1909. With the exclusion of interstate trade, the total was reduced to £13.6 million in 1910 and stood at £19 million by 1913. Interstate imports were valued at £4.9 million for 1909, while interstate exports were worth £8.4 million.\footnote{‘Trade - Imports & Exports, Various Countries, Queensland, 1909’, \textit{ABCQS}, (Brisbane, Queensland Government Printer, 1910), p. 34.} Throughout the entire period 1900-1913, Queensland achieved a positive balance of trade with a surplus of exports over imports. In 1900, exports accounted for 57.1 per cent of the total value of Queensland trade, and by 1913 this had increased to 64.8 per cent (see Fig. 2.2).\footnote{‘Summary: Interchange - Exports & Imports, 1900-1913’, \textit{QSS, OPP}, 1 (1931), pp. 20-3k.}
Table 2.1

Value of Queensland Trade, Imports & Exports, 1890-1913

(* = From 1910 figures for overseas trade only; 1890-1909 includes inter-colonial and inter-state trade)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports £’s</th>
<th>Exports £’s</th>
<th>TOTAL £’s</th>
<th>Year</th>
<th>Imports £’s</th>
<th>Exports £’s</th>
<th>TOTAL £’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>5,066,700</td>
<td>8,554,512</td>
<td>13,621,212</td>
<td>1902</td>
<td>7,352,538</td>
<td>9,171,023</td>
<td>16,523,561</td>
</tr>
<tr>
<td>1891</td>
<td>5,079,004</td>
<td>8,305,387</td>
<td>13,384,391</td>
<td>1903</td>
<td>6,731,207</td>
<td>9,514,974</td>
<td>16,246,181</td>
</tr>
<tr>
<td>1892</td>
<td>4,382,657</td>
<td>9,170,408</td>
<td>13,553,065</td>
<td>1904</td>
<td>6,052,164</td>
<td>11,153,383</td>
<td>17,205,547</td>
</tr>
<tr>
<td>1893</td>
<td>4,352,783</td>
<td>9,632,662</td>
<td>13,985,445</td>
<td>1905</td>
<td>6,699,345</td>
<td>11,939,594</td>
<td>18,638,939</td>
</tr>
<tr>
<td>1894</td>
<td>4,337,400</td>
<td>8,795,559</td>
<td>13,132,959</td>
<td>1906</td>
<td>8,311,466</td>
<td>12,754,289</td>
<td>21,065,755</td>
</tr>
<tr>
<td>1895</td>
<td>5,349,007</td>
<td>8,982,600</td>
<td>14,331,607</td>
<td>1907</td>
<td>9,429,691</td>
<td>14,684,019</td>
<td>24,113,710</td>
</tr>
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<td>1896</td>
<td>5,433,271</td>
<td>9,163,726</td>
<td>14,596,997</td>
<td>1908</td>
<td>9,471,166</td>
<td>14,194,977</td>
<td>23,666,143</td>
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<tr>
<td>1897</td>
<td>5,429,191</td>
<td>9,091,557</td>
<td>14,520,748</td>
<td>1909</td>
<td>10,187,720</td>
<td>14,844,140</td>
<td>25,031,860</td>
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<tr>
<td>1898</td>
<td>6,007,266</td>
<td>10,856,127</td>
<td>16,863,393</td>
<td>*1910</td>
<td>5,428,001</td>
<td>8,188,096</td>
<td>13,616,097</td>
</tr>
<tr>
<td>1899</td>
<td>6,764,097</td>
<td>11,942,858</td>
<td>18,706,955</td>
<td>1911</td>
<td>6,212,588</td>
<td>8,389,284</td>
<td>14,601,872</td>
</tr>
<tr>
<td>1900</td>
<td>7,184,112</td>
<td>9,581,562</td>
<td>16,765,674</td>
<td>1912</td>
<td>7,456,917</td>
<td>9,209,454</td>
<td>16,666,371</td>
</tr>
<tr>
<td>1901</td>
<td>6,376,239</td>
<td>9,249,366</td>
<td>15,625,605</td>
<td>1913</td>
<td>6,714,942</td>
<td>12,352,748</td>
<td>19,067,690</td>
</tr>
</tbody>
</table>

The peaks and troughs in Queensland production and trade are reflected in the unemployment trends during this period. The level of surplus labour available in Queensland increased dramatically in the years of the long drought, and peaked in 1903. Labour Bureau statistics indicate that the number of workers seeking employment through Government Labour Bureaus throughout Queensland increased from 6495 to 10,095 between 1900 and 1903, while the number of jobs available declined from 5311 to 3218 over the same period. Demand for labour improved after 1903-04, with those seeking employment falling to 4293 by 1906-1907 when there 2759 positions vacant. The expansion in Queensland’s economy led to increases in the pool of surplus labour and also the number of job vacancies, with the number of vacancies peaking in 1910-11, and the labour surplus peaking in 1911-12. While the number of jobs available declined somewhat, the level of surplus labour also declined through 1912 and 1913. These figures provide a good indicator of the level of unemployment that was experienced during these years; they revealed that high levels of unemployment remained endemic despite growth in the size of the labour market overall.

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The Pastoral Sector: 1900-1913

Any examination of Queensland’s historiography and the official statistics clearly demonstrates the importance of the pastoral sector to the development of Queensland’s economy. The long drought had a dramatic and negative impact on the state of the pastoral sector at the turn of the century, which was in dire straits by 1902-03. Queensland’s pastoralists recovered from the drought and generally made good progress in the years preceding World War I with some isolated regional slumps occurring between 1903 and 1908 before a general expansion from 1908 to 1912. The years from 1908 to 1912 were characterised by good seasons and grower returns; confidence within the industry was at its highest since the 1880s. Pastoralists and pastoral companies increased investment across the industry, although the rate consolidation in the sector had slowed after 1906, with growth experienced in both the number and total acreage of pastoral runs. The positive outlook evident in 1912 soon evaporated, however, as another drought took hold across the state during 1911 and 1912 and as a consequence the sector experienced a major slump through to the war.

The statistical record clearly indicates a slump in the value of pastoral exports in all four major commodities: meat, hides/skins, tallow and wool between 1901 and 1902. The wool trade recovered dramatically after 1903, recording excellent growth in returns through to 1907, when price stabilized, before increasing again to peak in 1909. Another slump occurred in 1910, with the wool market rebounding in 1911 before another slump in trade in 1912. The


60 ‘Production - Table IV, Area of Crown Lands Leased for Pastoral Purposes and Amount of Rent Received, 1860-1913’, QSS, QPP, 1 (1914), p. 4k.

61 Dan Daly, Wet as a shag. Dry as a bone: drought in a variable climate (Brisbane: Department of Primary Industries Queensland, 1994), p. 111. See ‘Table 1. Foley’s assessment of drought severity in seven Queensland region’.
recovery between 1912 and 1913 was rapid, as is illustrated by the graph in Fig. 2.3. Meat exports, which declined until 1906, were followed by a steady recovery to 1910, with a brief contraction before a rapid increase through to 1913. The value of exported tallow and hides/skins fluctuated within a more stable range with the latter consistently outperforming tallow exports to 1909. From 1910 to 1913, tallow and hides/skins exports demonstrated similar trends in terms of both value and rate of growth.62

While an overall total value of pastoral production is not provided in the official statistics until 1911, the combined value of wool exports and meat production (export and domestic) totalled £3.6 million in 1900 (see Table 2.2). The official figure for the total value of pastoral production in 1913 was £14 million (the figure for wool exports and meat production only was £10.5 million). Wool exports and meat production were valued at £2.2 million and £1.4 million respectively in 1900 and both were valued at £5.2 million each in 1913. Sheep numbers increased from 10.3 million in 1900 to over 21.7 million by 1913, while cattle numbers increased from 4 million to 5.3 million over the same period. The proprietary structure of the pastoral industry also changed during these years as runs were merged, and local, Australian and foreign pastoral companies increased their dominance of the industry. The number of pastoral runs fell from 2272 in 1900 to 1881 by 1913, while the total area alienated by these runs increased marginally from 225 million acres in 1900 to 229 million acres.

acres just prior to World War I.63

Table 2.2
Pastoral Sector Activity and Production 1900-1913

<table>
<thead>
<tr>
<th>Year</th>
<th>Cattle Lbs</th>
<th>Sheep</th>
<th>Wool Clip Lbs</th>
<th>Wool £'s</th>
<th>Meat £'s</th>
<th>Runs Acres</th>
<th>Area Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>4,078,191</td>
<td>10,339,185</td>
<td>64,867,754</td>
<td>2,197,243</td>
<td>1,413,757</td>
<td>2272</td>
<td>225,193,493</td>
</tr>
<tr>
<td>1901</td>
<td>3,772,707</td>
<td>10,030,971</td>
<td>70,605,350</td>
<td>2,131,864</td>
<td>1,988,745</td>
<td>1582</td>
<td>222,729,760</td>
</tr>
<tr>
<td>1902</td>
<td>2,543,471</td>
<td>7,213,985</td>
<td>41,874,118</td>
<td>1,304,200</td>
<td>2,079,312</td>
<td>1644</td>
<td>221,825,760</td>
</tr>
<tr>
<td>1903</td>
<td>2,481,717</td>
<td>8,392,044</td>
<td>53,744,911</td>
<td>1,867,674</td>
<td>1,647,348</td>
<td>1533</td>
<td>215,950,760</td>
</tr>
<tr>
<td>1904</td>
<td>2,722,340</td>
<td>10,843,470</td>
<td>63,797,582</td>
<td>2,280,924</td>
<td>1,098,240</td>
<td>1353</td>
<td>181,698,720</td>
</tr>
<tr>
<td>1905</td>
<td>2,963,695</td>
<td>12,535,231</td>
<td>70,168,980</td>
<td>2,649,751</td>
<td>1,340,955</td>
<td>1113</td>
<td>179,722,320</td>
</tr>
<tr>
<td>1906</td>
<td>3,413,919</td>
<td>14,886,438</td>
<td>86,110,846</td>
<td>3,388,929</td>
<td>2,079,312</td>
<td>1105</td>
<td>182,384,400</td>
</tr>
<tr>
<td>1907</td>
<td>3,892,232</td>
<td>16,738,047</td>
<td>99,461,711</td>
<td>4,133,130</td>
<td>1,491,467</td>
<td>1190</td>
<td>192,346,480</td>
</tr>
<tr>
<td>1908</td>
<td>4,321,600</td>
<td>18,348,851</td>
<td>110,545,577</td>
<td>4,129,854</td>
<td>1,181,778</td>
<td>1303</td>
<td>201,872,640</td>
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<tr>
<td>1909</td>
<td>4,711,782</td>
<td>19,593,791</td>
<td>129,668,298</td>
<td>4,809,496</td>
<td>1,821,112</td>
<td>1434</td>
<td>209,143,600</td>
</tr>
<tr>
<td>1910</td>
<td>5,131,699</td>
<td>20,331,831</td>
<td>139,250,802</td>
<td>4,175,647</td>
<td>2,659,861</td>
<td>1543</td>
<td>218,142,640</td>
</tr>
<tr>
<td>1911</td>
<td>5,073,201</td>
<td>20,740,981</td>
<td>142,382,269</td>
<td>4,519,133</td>
<td>1,968,314</td>
<td>1697</td>
<td>222,158,880</td>
</tr>
<tr>
<td>1912</td>
<td>5,210,891</td>
<td>20,310,036</td>
<td>136,878,270</td>
<td>4,275,520</td>
<td>3,743,178</td>
<td>1824</td>
<td>227,099,280</td>
</tr>
<tr>
<td>1913</td>
<td>5,322,033</td>
<td>21,786,600</td>
<td>154,183,114</td>
<td>5,233,919</td>
<td>5,287,608</td>
<td>1881</td>
<td>228,873,480</td>
</tr>
</tbody>
</table>


Reliable statistics for intra-sectoral rural employment are not available until the 1920s.64 The absence of accurate employment statistics makes it difficult to assess what impact the vigorous activity (and periods of drought) had on the labour market. Nevertheless, census data indicates that the number of people engaged in farming and rural occupations in 1901 and 1911 was 66,000 and 100,000 respectively. Another census classification, ‘primary producer,’ reveals figures of 82,511 and 101,904 respectively. These figures present their own problems as they do not separate those engaged in pastoral or agricultural pursuits. Reasonably accurate


64 Of all the states and territories Queensland is the only one that did not provide annual pastoral employment figures. See Commonwealth Bureau of Census and Statistics, 'Table No. 57 - Number of Persons Employed in Rural Occupations, 1909-10 to 1919-20', Summary of Commonwealth Production Statistics, 1909-10 to 1919-20, Production Bulletin No. 14, p. 40. & 'Table No. 61 - Persons Permanently Engaged in Rural Occupations, 1920-21 to 1930-31, Production Bulletin No. 25, p. 40.'
figures are, however, available on employment activity in the meat industry. The number of meatworks fluctuated wildly; there were thirty-three operating in 1900 and twenty-one by 1913, but employment increased from 2540 to 4225 during this period. This indicates a process of consolidation in the sector, with larger works employing more workers. With the inclusion of associated processing, such as boiling-down works, bone mills, fellmongeries, wools scourers, and tanneries, total employment ‘off the runs’ (including meatworks) was 3182 in 1900 and 4815 by 1913.65

The impact of the long drought, 1898-1903, was most keenly felt in the primary industry sector and affected not only beef and sheep grazing, but also had a devastating effect on the emerging dairy industry and on pig production.66 Analyses of Queensland’s rainfall data readily illustrate the severity of the 1898-1903 drought.67 In central Queensland the drought led to the worst season experienced since Europeans had occupied the region, resulting in massive losses in stock numbers, especially sheep. Despite the depressed state of the pastoral trade in central Queensland, the town of Rockhampton fared well with most businesses attracting trade associated with the mining and manufacturing sectors.68 Further north, in Townsville, the drought proved a major setback for the meat trade, but not to the extent as was experienced in central Queensland. Indeed, in terms of economic geography, the further north the location the more moderate to marginal was the impact of the drought. The drought broke in 1903 and with the good rains came a more positive outlook and better overall performance in the pastoral sector.69

The Annual Reports of the Brisbane Chamber of Commerce for the years 1903-1910 indicate a general trend toward increased production and better prices for pastoral commodities as the decade progressed. Of note, on a regional basis, was the continued dry spell experienced west of Hughenden during 1904 and 1905 that restricted meatworks production and resulted in an uncompetitive price structure in relation to Argentina, Queensland’s major meat export competitor. Good seasons and growth continued so that 1908 was considered the best season

65 ‘Summary: Production - Industries, 1900-1913’, QSS, QPP, 1 (1931), pp. 30-4k.
66 Carter, BCCAR, 1902-1903, p. 27.
67 Daly, Wet as a Shag, p. 133. ‘Table 9. Queensland summer & winter rainfall from 1885 to 1988’. These figures drawn from winter/summer rainfall data collected from 150 recording centres in Queensland. Between 1892-1897 above average (ave = 767 mm per annum) rainfall was recorded in Queensland but this fell well below the average between 1898-1902. 1902 was the worst year when only 263 mm were recorded (winter 66 mm and summer 197 mm the average being 237 mm and 530 mm respectively). Rainfall in 1903 and 1904 was slightly above average and this was followed by a pattern of below average followed by above average rainfall continued until 1910.
68 Annual Report of the RCC Executive Committee, RCCAR, 1902-1903, JOL.
since 1891. Since 1891, stimulated by higher prices, the upward trend continued from 1909 to 1912; the only major impediment to growth was the problem of providing adequate permanent water supplies.

The water supply problem was considered a very serious restriction to the future development of the industry (and closer settlement) and its resolution was considered the holy grail of rural developmentalism. This ideology was clearly enunciated by James Stodart, MLA for Logan and president of the BCC, in his annual address to the chamber in 1912. The BCC had been most critical of what they claimed were cumbersome regulations that restricted drilling of bores but were mollified when Premier Digby Denham relaxed these rules. This attitude resulted from, at best, a complete ignorance of the limitations of water resources and environmental consequences of their over-exploitation. Stodart heaped praise on the individual initiative of the pastoral leaseholders for their labour in establishing bores:

Now nearly every selection has its own artesian bore and the larger leaseholds have many of them, thousands and thousands of miles of clear sparkling streams run through the once dry and waterless plains, the whole conditions of life are altered, closer settlement is possible everywhere and no doubt irrigation will follow in due time.

The economic performance of the pastoral sector had improved prior to World War I largely because of the combination of good seasons and high prices. Confidence within the industry was at its highest since the heady days of the 1880s. This confidence was reflected in high levels of capital investment directed towards improving runs, the upgrading and expansion of existing meat processing works, and the establishment of new ones. As Stodart’s statement implies, as an instrument of state policy the glamour of irrigation began to usurp the developmental promise of railways in the popular and political consciousness as the primary means of achieving greater rural intensification. While pastoral interests continued to consolidate their pre-eminent position in the political-economic sphere, irrigation for immigration became the new catch-cry of the advocates of closer settlement agriculture.

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69 J. N. Parkes, *TCCAR*, 1902-1903, JOL.
70 *BCCAR*, 1903-1910, JOL.
71 For a detailed examination of the relationship between rural economic development and the exploitation of water resources in Queensland see Powell, *Plains of Promise* (1991).
72 J. Stodart, *BCCAR*, 1911-1912, p. 25., JOL.
73 *Ibid.*, pp. 22-3., JOL.
The Agricultural Sector: 1900-1913

The economic contribution of the agricultural sector to Queensland’s economic development by the turn of the century has been described as limited and that commercial cropping was ‘insignificant’. Agriculture has been often cited by historians, along with manufacturing, as an example of an underdeveloped industry floundering in the wake of, and totally dependent upon, the pastoral sector.74 Generally it can be shown that the agricultural sector had failed to take off prior to 1900. Indeed, Queensland continued to import vast quantities of agricultural produce well into the first decade of the twentieth century,75 when the total area under intensive agriculture in Queensland comprised only 4.8 per cent of the agricultural land in Australia. Agricultural land in Queensland by per capita area was 0.9 per cent compared to a national average of 2.4 per cent. By 1920 this had only grown to 5.1 per cent and 1.1 per cent respectively, with most of this growth confined to the south-east corner.76 Of the 297 million acres alienated and occupied by 1900, a mere 457,397 acres were under crop. 348 million acres were occupied by 1913 with 747,814 acres under crop (see Fig. 2.4, Fig. 2.5 and Table 2.3).77

The value of agricultural production prior to 1911 is not recorded in the official statistics, however, agricultural exports and imports are (see Fig. 2.6). Exports from this sector were primarily directed towards interstate markets and were, until 1904, comprised almost entirely of sugar exports. Exports of other agricultural produce (including dairy products) took off from 1904 and increased rapidly to peak in 1907 before declining slightly by 1912. The total value of agricultural exports (overseas and interstate) in 1900 was £740,000 (sugar £669,389; dairy £52,252; timber £18,098). In 1909, the last year interstate export figures were collected, exports had increased to £2.3 million (sugar £1.25 million; dairy £569,683; timber £104,500). By 1913, agricultural exports (overseas only) were valued at £995,433, with sugar valued at only £78, timber £4572, dairy products had grown to £888,498, and other products totalling £102,285. Initially agricultural imports generally exceeded exports. For example, the value of agricultural imports in 1900 was £846,993 compared to exports of £740,000. By 1909, however, agricultural exports (£1.8 million) exceeded imports (£1.2 million). After 1909

74 Powell, Plains of Promise, pp. 80-1.
75 Premier Kidston to H. Amphlett, 2 February 1907, PRE/A245, 1362, QSA & ‘Summary - Imports, 1900-1913’, QSS, QPP, 1 (1931), pp. 24-5k.
interstate exports/imports are not recorded, and it was interstate produce that comprised the bulk of Queensland’s agricultural imports. While the growth in the value and importance of Queensland’s agricultural exports was considerable, the continued influx of produce from interstate remained significant. The most important agricultural imports were grains and milled products, potatoes, onions, tobacco, fruit and vegetables, most of which were grown interstate.78

Table 2.3
Agricultural Sector Activity & Production 1900-1913

(* Holdings; number in existence & average size of holding acreage. Available only from 1904)

<table>
<thead>
<tr>
<th>Year</th>
<th>*Holdings</th>
<th>Employment</th>
<th>Cultivation</th>
<th>*Holdings</th>
<th>Land Occupied</th>
<th>Production</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Acres</td>
<td>*Acres</td>
<td>Acres</td>
<td>£</td>
</tr>
<tr>
<td>1900</td>
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<td>480,372</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
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<td>478,121</td>
<td>306,319,832</td>
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<td></td>
<td></td>
</tr>
<tr>
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<td>621,693</td>
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<td></td>
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<td>17,854</td>
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<td></td>
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<td>1905</td>
<td>18,419</td>
<td>622,987</td>
<td>257,812,489</td>
<td>33.8</td>
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<tr>
<td>1906</td>
<td>18,939</td>
<td>598,777</td>
<td>265,381,856</td>
<td>31.6</td>
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<td>19,272</td>
<td>642,979</td>
<td>283,817,349</td>
<td>33.3</td>
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<td></td>
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<tr>
<td>1908</td>
<td>19,898</td>
<td>650,472</td>
<td>294,500,233</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>1911</td>
<td>22,276</td>
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<td>3,185,792</td>
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<td>22,976</td>
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<td></td>
<td>4,276,235</td>
</tr>
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<td>920,010</td>
<td>348,418,917</td>
<td>39.2</td>
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<td>6,241,022</td>
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</tbody>
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78 ‘Summary - Imports, 1900-1913’, QSS, QPP, 1 (1931), pp. 24-5k.
2.4 Area of Land Under Crop 1900-1913

2.5 Agricultural Holdings (farm lots) 1904-1913

Source: 'Table C - R-GAPS', in A&SR, 1913-14, QPP, 2. (1914), p. 796.
The value of production of the agricultural sector in 1911 was estimated at £3.2 million and £6.2 million by 1913. These statistics indicate the importance of the sugar industry to Queensland’s domestic income, the growth in importance of dairy products for foreign earnings, and the marginal value of grain crops. In terms of acreage, the most significant grain crop was maize, followed by wheat. The latter remained relatively stable throughout the period but with alarming reductions during times of drought when wheat production was abandoned in favour of the more drought-hardy maize. Of the other crops, bananas and pineapples were the most important and demonstrated positive growth, while tobacco and cotton production remained stable.79

Official estimates of employment in the agricultural sector which are available for this period indicate that employment declined significantly during the 1898-1903 drought and then recovered, briskly at first, and then more slowly until 1913, with minor slumps in 1904 and 1907. Fortunately, these estimates provide details of male and female employment in cultivation and dairying. Overall employment in agricultural pursuits grew from 39,092 in 1901 (33,505 males; 5587 females) to 54,053 by 1906 (44,345 males; 9708 females), and 60,089 by 1913 (46,527 males; 13,562 females) (see Fig. 2.7). While these figures represent an increase of 54 per cent in employment between 1900 and 1913, this increase is almost

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entirely due to the success of the dairy industry. Indeed, employment in cultivation and general farming virtually stagnated (0.6 per cent growth between 1900 and 1913) except for a brief period of growth between 1903 and 1906. Male employment in cultivation grew marginally from 31,919 (1900) to 33,362 (1913), peaking at 36,320 in 1906. ‘Official’ female employment actually halved from 2468 to 1242 between 1900 and 1913.

Dairying was perhaps the greatest agricultural success story of the pre-war period which, along with cropping, was stimulated by the practical assistance measures associated with the Land Act of 1910.80 Dairy industry employment grew by a massive 442 per cent from 4705 to 25,485 between 1900 and 1913. Male employment grew by a staggering 730 per cent (1586 to 13,165) and female employment by 292 per cent (3119 to 12,230) over the same period.

The success of the sector owed much to government assistance through programs that increased irrigation and the expansion of the rail networks, particularly in the south-east and the north. Markets aside, rural intensification would not have been possible if it were not for bulk transportation by rail, which is especially true of the dairy industry.81 Dairying overcame some initial difficulties, such as high livestock prices and lower milk yields, through lower

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80 C. A. Bernays, *Queensland Politics During Sixty (1859-1919) Years* (Brisbane: Queensland Government Printer, 1919), pp. 335-336. This comprehensive act, written by W. J. Scott, Minister for Public Lands, combined five decades of agricultural policy experiences into the first effective legislation that went some way to actually successfully encouraging closer settlement.

81 Fitzgerald, *From the Dreaming to 1915*, p. 195.
overall land prices, significant government assistance, and a climate suitable for year-round milking. Dairy production also linked easily into the existing trade and production pattern of processing raw materials into more marketable commodities for domestic consumption and the exportation of surpluses. In Queensland, in 1898, butter production was 6.4 million lbs, cheese production, 1.8 million lbs, and milk production, 21 million gallons. By 1913, production of butter had increased to 35.2 million lbs, cheese to 5.4 million lbs and milk to 90.5 million gallons. In 1898, butter exports were valued at £37,286 and cheese exports at £720. By 1913, butter exports had increased to £855,456 and cheese exports to £33,042 (see Fig. 2.8). Queensland’s dairy industry was able to move from initial production to bulk exports within ten years, quite an achievement in the wake of the long drought.

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83 ‘Summary: Production - Industries, 1898-1913’, QSS, *QPP*, 1 (1931), pp. 30-1k. The figure for milk only included that used for the manufacture of butter and cheese before 1907. The 1913 figure includes total milk production.
Sugar production had expanded throughout this period and had attracted considerable support from the Queensland government, which provided developmental loans for establishing farms, cooperative crushing mills and irrigation projects. The sugar industry, which shared with dairying, such a high profile in the agricultural sector, had matured considerably by the turn of the century. Between 1890 and 1906 the industry experienced a wholesale restructuring with a shift away from the plantation-style enterprise, based upon the exploitation of Pacific Island labour, after the introduction of a central milling system from the late 1880s. The central milling system lowered production costs and improved grower productivity and financial returns. Moreover, as a consequence of the federation agreement the Commonwealth pursued the White Australia Policy, which in the case of the sugar industry, meant the abolition and deportation of Pacific Island labour and the subsidisation of white labour. The Commonwealth achieved this by first offering a rebate of ‘the excise tax for all cane-sugar produced only by whites’, which was then replaced by a sugar bounty in July 1903. With the introduction of this bounty Australian taxpayers effectively subsidised the income returned to growers by approximately £5 per ton. Furthermore, a tariff of £6 per ton was applied to imported cane sugar and £10 per ton to imported beet sugar. The break-up of the plantations for closer settlement, in many respects, was similar to the structural changes that occurred in the pastoral sector with smaller family-owned sugar farms being established along the south coast, to the north of Brisbane, and also in the far northern tropical zone. Small-scale sugar cultivation was a success because of the introduction of the cooperative central mill system and later through the heavy cross-subsidisation under the Commonwealth Sugar Agreement of 1923. This structural change led to a reduction in the number of sugar mills from sixty-six in 1900 to fifty by 1913; an increase in the area under sugar cultivation from 108,535 to 147,743 acres between 1900 and 1913, and in the production of raw sugar which increased from 92,554 tons in 1900 to 242,837 tons by 1913.

In summary, there was a general expansionary trend in the agricultural sector from around the time of federation to 1910. This rural intensification was fuelled by ‘the impetus of an

87 Table - CCXLIX, ‘SQ’, QPP, 2 (1901) and Tables ‘Production, Queensland: Principle Products of Industries or Manufactories’, ABCQS, 1907, p. 27; 1910, p. 29. & 1915, p. 29.
unlimited and continuous optimism about the possibilities of land settlement’.\textsuperscript{88} The period between federation and World War I saw the process of rural development accelerated on the back of high confidence, high prices and high expectations. The most significant impetus to the growth of agriculture was the increase in domestic demand for its produce. Here the pattern of development did not generally involve a process of agricultural intensification promoting the growth of service centre/market towns and cities. Neither increased agricultural production generally stimulate the growth of urban concentrations. Rather, the reverse was generally the case. All of Australia’s coastal cities preceded their hinterlands; what they relied upon for their growth were pastoral exports and not, primarily, domestic markets. Once the domestic market grew to a point of critical mass the development of a viable agricultural sector was made possible.\textsuperscript{89} The irony is that the populist yeomanry ideal, which reviled urbanisation, in fact relied on its growth to ensure the economic viability of closer settlement agriculture. In this, Australia was somewhat unique. Essentially, without a high degree of urbanisation, expansion of the agricultural sector was not possible. The economic importance of urban concentrations lies in their dual role as point of assembly and distribution of primary produce and their internal economic dynamic of demand and consumption. Urban concentrations develop a functional economic momentum, or in other words, their own consumer demand oriented production.\textsuperscript{90} Therefore, the rise of global markets, European and North American urbanisation, and rapid urbanisation in Australia in the late nineteenth century, created the demand for the type of agricultural products Queensland was well situated to produce.

\textbf{The Mining Sector: 1900-1913}

\textsuperscript{88} Williams, ‘More and Smaller is Better, p. 92.


\textsuperscript{90} Burnley, \textit{The Australian Urban System}, p. 63.
The greater part of Queensland’s historiography on the mining sector involves histories of individual mines, mining towns, and regional fields, with a strong emphasis on mining activity in north Queensland. This, of course, reflects the relative importance of the north’s mineral resources to the development of mining in Queensland. Again, there is no single volume that looks closely at the development of the sector as a whole. The most thorough and expansive work is Ray Whitmore’s three volumes on the coal mining industry in Queensland, a study that is exemplary in its scope, scale, and analysis. The diversity of minerals found and mined across Queensland is immense with metals such as copper, silver, tin, iron and zinc found predominantly in the state’s north, gold in the north, centre and south, and extensive coal measures in central and southern Queensland; all have played a significant part in boosting the overall economic and demographic development of Queensland. By most accounts the development of mining in Queensland was at times a rather haphazard and patchy affair with frequent regional booms and busts, usually linked to fluctuations in world metals markets. One must, however, make a distinction between metalliferous mining — metals such as copper, gold, and zinc — and non-metalliferous mining, such as coal and limestone quarrying. In broad terms metalliferous mining was much more vulnerable to peaks and troughs in world demand, while non-metalliferous mining was linked more closely to domestic demand and economic circumstances. The type of mining venture is also important in terms of the nature of the mining operations involved and how, and who, were responsible for the particular mining operation. There was a distinct structural division of labour and investment evident in the Queensland mining industry. For example, Queensland’s alluvial gold and tin fields offered opportunities for the individual prospector/miner and small partnerships, whereas the mining of large ore bodies was generally undertaken by larger companies who were able to raise the capital necessary to viably work such deposits.

As noted previously, the strength of the mining sector was partially responsible for north Queensland averting the worst of the 1890s depression and, later, the long drought. The Queensland mining industry experienced a major revival during the 1890s and this growth

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91 This focus on North Queensland mining can be seen in the historiography as listed in Mel Davies, *A Bibliography of Australian Mining History* (Perth: Australian Mining History Association, 1997), pp. 54-84.


94 For an interesting first hand account of this division of labour in the gold and tin fields of North Queensland see Ion Idriess, *Back O’ Cairns* (Sydney: Angus & Robertson, 1994).
continued until a major slump in Queensland’s mineral exports began around 1909 (see Table 2.4). By the turn of the century, gold mining had proved its value to Queensland; with the pastoral sector, it was the most precious staple of the economy, with yields in excess of 500,000 ounces per annum between 1892 and 1906. A decline in mineral exports is evident from 1907, however, interstate exports were excluded from the statistical series from 1910 and the trends are unclear after 1910. Mineral exports were valued at £2.6 million in 1900, peaking at £3.7 million in 1906, and then the value fell to £3.4 million in 1909. After the change in classification to overseas exports only, this figure fell to £451,303 in 1910 and then rose to £906,487 by 1913 (see Fig. 2.9). The market slide between 1907 and 1909 was precipitated by low metals prices, insufficient domestic demand, and Queensland’s less than satisfactory transport infrastructure and high transport costs. This downward trend continued to 1911 and gold prices collapsed to a point that even increased yields could not arrest.

By 1912 there was a mild revival, despite the low prices and yields in gold, as prices for copper, tin, wolfram and lead began to strengthen. Gold prices, however, stagnated until the outbreak of war in August 1914. The value of mineral production in Queensland was,

however, more stable than export returns (see Fig. 2.9). Production which was estimated at £3.2 million in 1900, peaked at £4.2 million in 1906 (and again in 1912), and dipped to £3.8 million by 1913. The years 1906 to 1912 were the zenith of the mining sector’s performance for the period 1900-1930, with production only again exceeding £4 million in 1916 and 1917. Except for 1920, when the value of gold production reached £3.5 million, production declined dramatically after World War I ended in 1918 from £2.5 million in 1919 to £1.3 million by 1930. Gold was, nevertheless, consistently the most valuable mining commodity, followed by copper, coal, tin, and silver.99

<table>
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<tr>
<th>Year</th>
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<th>Exports</th>
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<td>CQ Div.</td>
<td>NQ (All)</td>
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<tr>
<td>1900</td>
<td>*</td>
<td>*</td>
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<td>13,572</td>
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<td></td>
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Although official employment statistics in the mining sector are incomplete prior to 1905 it is estimated that the entire mining workforce in 1900 was approximately 16,300, this figure increased rapidly to 23,047 by 1906. Mining employment then declined steadily to 16,228 in 1913, to 10,531 in 1920, and slumped to a low of just 2680 in 1928, before a slight recovery in numbers to 3798 by 1930 (see Fig. 2.10).\textsuperscript{100} As a percentage of the total workforce the mining sector decreased from 7.7 per cent during 1901, to 6.4 per cent by 1911, 3.2 per cent by 1921, and 2 per cent during 1933.\textsuperscript{101}

The development of the mining industry varied widely between regions. In the south and central districts coal and other non-metalliferous mining was dominant, while metalliferous mining dominated in the far north.\textsuperscript{102} In north Queensland, mining was wide-spread at the turn of the century. Among the many significant mineral and goldfields were Charters Towers, Ravenswood, Burketown, Cloncurry, Croydon, Chillagoe, Mungana, O.K., Etheridge, Herberton, Irvinebank, Kangaroo Hills, Stannary Hills, Gilberton, Forsayth, Walsh and

\textsuperscript{100} ‘Tables E - Approximate Number of Miners, other than Gold Miners, Employed during the Year, 1900-1930’; ‘Tables F - Approximate Number of Miners Employed in Gold Mining on 31st December, 1900-1930. & ‘Table - Number of Men Employed in Connection with Mines, Mills, and Reduction Works, 1905-1930’, in ‘Annual Report of the Under Secretary of Mines for the years 1900-1930’ [‘Mines’], QPP, (1901-1931).


Tinaroo, and Woolgar. All types of minerals were evident in the north, including gold, silver, copper, tin, lead, zinc, nickel, wolfram, molybdenite and iron ore. Maps showing the principal mining centres in Queensland up to the 1920s clearly illustrate the dominance of mining in the north.\textsuperscript{103} The pioneers of the north had looked with equal anticipation to mining and the pastoral industries as harbingers of prosperity, population growth and development.

In central Queensland, copper mines had been worked from the 1860s such as the mines at Peak Downs near Clermont from 1862, and numerous small copper mines and smelters, including those at Mt. Clara, Mt. Coora, Mt. Orange, Teebar, and Great Blackall during the 1870s, and gold to the west of Rockhampton, most significantly at Mt. Morgan. Coal, however, was the focus of much of the developmental urges in central Queensland mining from the 1890s, with activity on the Callide, Styx river and Baralaba fields.\textsuperscript{104} During the height of the drought in 1902, the businessmen of Rockhampton looked hopefully to the success of copper extraction at Mt. Morgan and to the possibilities of the coal measures in the Dawson and Mackenzie valleys. The quality of the coal found there was already attracting interstate and international attention. By 1905, however, only a few small mines were operating, centred on the Bluff Colliery.\textsuperscript{105} The region’s potential was eventually realised. The present coal export industry based in central Queensland accounts for about 33 per cent of Queensland’s exports and was valued at $4.125 billion in 1994-1995.\textsuperscript{106}

In the south-east corner of the state, mining was widely dispersed. Silver, lead, gold and coal deposits were found in the greater Brisbane area,\textsuperscript{107} tin, copper, silver and arsenic in the Stanthorpe district, iron ore at Biggenden, gold at Eidsvold and numerous other locations in the greater south-eastern region, copper at Warwick, various metalliferous deposits in the Ipswich district, and many other small mineral deposits were found around the south-east region.\textsuperscript{108} Mining was also an important industry in the Wide Bay region, both in terms of mining production and supporting engineering infrastructure. There were significant copper mining operations in the early 1900s at Mt Shamrock and Mt Perry to the west of


\textsuperscript{104} Johnston, \textit{The Call of the Land}, p. 74.

\textsuperscript{105} RCCAR, 1902, p. 7. & 1905, JOL.


Bundaberg.\textsuperscript{109} The Burrum coal fields were consistently worked for steaming and coking coals to supply local sugar mills and engineering firms. The relatively primitive bee-hive coke ovens at Burrum supplied markets in the south and, most significantly, the Aldershot smelter complex situated a few miles to the north of Maryborough on the Brisbane-Rockhampton railway line. The smelter, operated by the Queensland Smelting Co. Ltd., treated all types of ores from across the state, particularly gold and silver, and had a record year in 1902 treating 10,000 tons of ore valued at £135,000.\textsuperscript{110}

The most significant coalfields in Queensland during this period were, of course, those in the Ipswich and West Moreton regions, which accounted for most of the state’s production between 1900 and 1913. Queensland’s coalfields were, however, dwarfed by those around Newcastle (New South Wales) which each year produced six times the tonnage of coal won by the Ipswich mines.\textsuperscript{111} Nonetheless, the coal mining industry in the Ipswich district contributed significantly to the city’s industrialisation and, in particular, its engineering capabilities.\textsuperscript{112}

Investment in, and development of, the mining industry was hampered by its speculative nature and often by the heavy capitalisation necessary to establish and maintain mines. Changes to mining company law were generally responsive to the developmental needs of the larger mining companies.\textsuperscript{113} A succession of Queensland colonial governments implemented measures to encourage the mining industry, such as facilitating the construction of railways to service mining fields. Prominent political figures, such as William Patterson (co-owner of the Mt Morgan Mine) and Robert Philp, were intimately involved in various mining ventures and share speculation.\textsuperscript{114} Indeed, Philp was a consistent advocate of private mining railways and was responsible for introducing many Acts in support of them, although one of his more substantial achievements was the codification of mining regulations under the \textit{Mining Act}.

\textsuperscript{109} Lougheed, \textit{The Brisbane Stock Exchange}, p. 73.


\textsuperscript{112} Stubbs-Brown, \textit{The Secondary Industries of Queensland}, p. 100.


This Act helped the sector to consolidate and attract more foreign investment; provided more secure tenure, and initiated subsidies for the deep sinking of mines and for government funding of schools of mines. Historian Geoffrey Bolton, in his biography of Philp, asserts that mining’s subsequent decline from economic prominence could not be blamed on a lack of encouragement during Philp’s term as Minister for Mines.\(^\text{115}\) There was some debate during 1900 about extending the provisions of the *Sugar Works Guarantee Act 1893* to provide assistance to establish flour mills, sugar refineries and mineral processing works.\(^\text{116}\) The resurgence in mining from the late 1890s into the early 1900s, because of global demand and increased metals prices, led to a growth in political support for the sector, particularly from the north Queensland parliamentarians.

Queensland governments became increasingly interventionist in mining affairs during the early decades of the twentieth century. A Royal Commission into the mining industry in 1911 found many problems with the *Mining Act* of 1898, particularly in regard to safety issues.\(^\text{117}\) Queensland parliamentarians became increasingly responsive to the developmental potential of the mining sector. Two of the most prominent advocates for government assistance were former miners and future Queensland Labor premiers, E.G. Theodore and W. McCormack, both north Queensland MLA’s. They and other Labor members argued that state aid was necessary as a lack of venture capital had prevented the establishment of crushing batteries and smelters which were crucial to the economic viability of the mines. To this end, William Maxwell, the Member for Burke, presented the *Mining Machinery Advances Bill 1904* to the Legislative Assembly. The purpose of the Bill was to provide government loans to finance the purchase and erection of mining plants for extraction and processing machinery, as well as for the provision of state crushing batteries to service the needs of the ‘small man’.\(^\text{118}\) With the support of the Labor members the *Mining Machinery Advances Act 1906* was eventually passed. The Act was largely modelled on the existing *Agricultural Bank* and *Sugar Works Guarantee Acts* which made similar provisions for establishing agricultural commodity processing works.\(^\text{119}\)

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\(^{116}\) *QPD*, 85 (1900), pp.1811-1815.


\(^{118}\) *QPD*, 93 (1904), pp.1061-67.

\(^{119}\) *QPD*, 97 (1906), pp.740 & 946.
Several problems hindering the advancement of the industry prior to World War I, and which continued through the 1920s, included the need for government assistance and more developmental railways to service the mineral fields, the implementation of a more cost-effective method of transportation for Ipswich coal to enhance its competitiveness in domestic and export markets, problems with security of tenure in mining leases, and heavy taxation burdens that discouraged capital improvements and new investment.\textsuperscript{120} The potential of the mining sector to assist in the broader development of Queensland’s economy attracted the attention of A. J. Carter, president of the Brisbane Chamber of Commerce. Carter, in 1907, suggested the mining industry was a necessary adjunct to the eventual success of closer settlement agriculture, both in terms of creating domestic markets for agricultural produce and as a revenue stream with which the government could fund rural development schemes. Reviewing activity in the mining sector during its peak in 1906, Carter noted that it had become a very important component of the state’s economy and that its development was being pursued with ‘unexampled vigour’. Nevertheless, there were problems on the horizon following a slump in world metal prices that retarded mineral exports in 1907-08.\textsuperscript{121} With the exception of 1912 the industry then went into a sustained decline and was not revived until World War I created an insatiable demand for metals.

**The Tertiary Sector: 1900-1913**

The tertiary sector involves all types of commercial, mercantile, financial, personal, public and private services, transport and communications, and other enterprises that contributed to, and facilitated economic activity.\textsuperscript{122} Statistically, the retail sector is detailed in the *Factories and Shops Reports* (‘F&SR’), and the transport and communications sector is treated either separately or as an appendage to the specific industry sector to which it is predominantly linked. For example, employment figures of the manufacturing sector include carters and messengers, an activity also that falls within the definition of transport and communications in the tertiary sector classification. There are a number of indicators, including employment, company registrations, retail shop statistics, financial sector lending and accumulated savings.

\textsuperscript{120} Fitzgerald, *From 1915 to the Early 1980s*, p. 54. \& A.M. Hertzberg, *BCCAR*, 1904-1905, JOL.


\textsuperscript{122} Goodall, *Penguin Dictionary of Human Geography*, pp. 468-9. For the purposes of this study the economic activities of the tertiary sector are defined as including ‘the exchange and consumption of goods and services (hence also service industry). It includes all those activities associated with commerce and distribution (wholesaling and retail), the provision of business, personal and professional services, as well as transport and entertainment services. the tertiary sector includes mercantile, financial, community and personal services, public administration, and transport and communications’.
that assist in the consideration of activity in this sector. The following examples provide some indication of the progress achieved in this broad area.

Queensland’s public service was restructured because of changes associated with the move to federation and the subsequent transfer of some colonial public servants to the Commonwealth. Queensland’s civil servants numbered 1759 in 1891 and approximately 2000 by 1900, with this figure halved in the following year when 1082 officers were transferred to the Commonwealth (for example, customs, post and telegraph officers). The number of permanent Public Service employees stagnated until 1906 (798) when steady growth is apparent through to World War I (1095); of these, approximately 30 per cent were classified as professionals.123 The state also employed a significant number of teachers, whose numbers increased from 2881 to 4059 between 1900 and 1913 as the number of schools increased from 1105 to 1518.124 Employment in hospitals increased from 914 in 1910 (the first time figures were made available) to 1359 by 1915.125 In the retail sector, employment increased from 5364 (for seven F&S districts) in 1900 to 17,819 (thirteen F&S districts) by 1913, and the number of retail shops increased from 2862 to 3963.126 On another tack, the increase in passenger miles on the railways from 4.7 million miles in 1901, to 8.3 million by 1911, and to 13.9 million miles by 1916, indicates something of the expansion in the use of this mode of public transport.127

For the most part, the tertiary sector was not recorded in terms of its productive capacity, that is, in terms of its capital accumulation. There are figures for the financial services sector that do, however, indicate the growth in the economy, and therefore of this sector. Savings on deposit with Queensland banks grew from £7.8 million in 1901, to £12.8 million by 1911 and to £25.9 million by 1916. Advances by banks for all purposes grew from £25.6 million (amount outstanding) in 1901, to £30.3 million in 1911 and to £37 million by 1916.128 It is clear therefore that the tertiary sector was a significant employer, but this is only one measure of its contribution. It is difficult to divorce the tertiary sector from the other fundamental

productive sectors from which it draws most of its inputs.

A broader indicator is the distribution of the labour force by occupational classification linked to industry sectors (see Fig. 2.11). The Queensland Census of 1901 and Commonwealth Censuses of 1911 and 1921 provide this information. In 1901 the tertiary sector (TS) accounted for about 37.1 percent of the Queensland workforce. This compares to 29.9 per cent for rural and forestry (R&FS), 24.8 percent for manufacturing, energy production, building and construction (MEBCS), and to 8.3 per cent for the mining sector (MS). By 1911 the percentages were 37.5 per cent (TS), 30.8 per cent (R&FS), 25.1 per cent (MEBCS), and 6.6 per cent (MS). Between 1911 and 1921, the tertiary sector (39.6 per cent) and the manufacturing sector (26.5 per cent) out performed the rural and mining sectors which experienced a reduction in employment with 30.8 per cent (rural) and 3.2 per cent (mining). The overall trends demonstrate a stability in the proportion of workers involved in the rural sector and a rapid decline in mining by approximately 60 per cent. In the manufacturing, energy, and construction classification there was a 6.9 per cent increase in participation, only slightly better than the tertiary sector with 6.7 per cent growth.129 As these figures suggest, the tertiary and secondary industry sectors during this period were the growth sectors in terms of employment creation, and indicate their importance to Queensland’s economy in the early

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The Political Economy of Development: 1900-1913

The Demographics of Development

The economic processes of a given society effect, and are affected by, non-material factors: principally those of culture, ethnicity, gender, class, and religion. The manifestation of society, from the economic perspective, is the product of the complex interaction between environment, people, and material conditions in a process referred to here as social formation. Social formation encompasses the demographic consequences of economic development in terms of the processes of urbanisation, decentralisation, migration, cultural evolution, values, mores, and issues of social class and stratification. It is the contention of this thesis that economic relationships are the primary dynamic in social change, and therefore of social formation. Central to this are the demographic changes associated with economic development and how the interaction of geographic, social and economic forces shape one another. Following from this understanding of how economic and social factors interact are the implications this has on the manifestation of political ideology, policy and practice. Of historical interest here is the question how the rather narrow focus on rural development affected urban development, and in particular, the degree to which this restricted the development of secondary industries?

It is clear from studies of Australia’s economic history that the process of urbanisation which took place in Queensland was somewhat out of step with that experienced in the southern states. It is evident that Brisbane did not dominate the state’s economy to the same extent as Sydney and Melbourne. Indeed, the degree of urban centralisation in Brisbane, expressed as a percentage of the total state population (20.1 per cent), was considerably lower than that experienced in Sydney (35.5 per cent), or Melbourne (44.5 per cent), and Adelaide (45.8 per

cent), while similar to Perth (20.5 per cent) and Hobart (19.4 per cent) by 1901.\textsuperscript{131} The developmental pattern in Brisbane during the 1880s conformed with the southern experience, but this trend did not continue into the next decade. The residential demographic patterns experienced in Queensland were influenced by a combination of smaller, often isolated rural service centres, a decentralised and yet urbanised population concentrated along the coast and in larger inland towns, and an eccentrically located metropolis. This decentralised demography is essentially the reason why Queensland has such a strong rural character.

While it is true that Queensland was less urbanised than the southern states, the ratio of people living in urban locations and engaged in non-rural occupations did, however, comprise the majority of Queensland’s population (at least 52 per cent in 1900). Indeed, a large number of people who lived in what can be regarded as ostensibly rural locales were employed in non-rural or urban occupations. Differences in statistical methodologies, however, make it virtually impossible to construct an accurate estimate of the actual ‘urban’ population in Queensland over this entire period. A reasonable estimate, taking into account mining towns officially counted as rural centres, would increase the urban population from 52 per cent to perhaps 56 per cent by 1900. This figure still lags significantly behind the 68 per cent and 65 per cent urban population figures of New South Wales and Victoria in 1900.\textsuperscript{132}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{Queensland_Mean_Population_1900-1913.png}
\caption{Queensland Mean Population 1900-1913}
\end{figure}

\begin{table}
\centering
\begin{tabular}{|c|c|c|}
\hline
Year & Mean Population & Source \hline
1900 & 450,000 & 'Summary - Mean Population', QSS, O.P.P. 1 (1901), pp. 2-3n. \hline
1901 & 460,000 & \hline
1902 & 470,000 & \hline
1903 & 480,000 & \hline
1904 & 490,000 & \hline
1905 & 500,000 & \hline
1906 & 510,000 & \hline
1907 & 520,000 & \hline
1908 & 530,000 & \hline
1909 & 540,000 & \hline
1910 & 550,000 & \hline
1911 & 560,000 & \hline
1912 & 570,000 & \hline
1913 & 580,000 & \hline
\end{tabular}
\caption{Queensland Mean Population 1900-1913}
\end{table}


Queensland’s population base increased rapidly during the years from 1900 to 1913 (see Fig. 2.12). At the turn of the century the colony boasted a population of 490,325 which had grown to over 650,00 by 1913. During this period, Queensland achieved a net gain from migration of 43,802, despite a net exodus of 9366 between 1901 and 1906, largely because of the post-drought depression. Migration into Queensland, from overseas and interstate, was responsible for up to 64 per cent (in 1909) of the state’s net gain in population between 1900 and 1913. Assisted immigration which, although it played a major role in the overall importance and success of immigration to Queensland, was a consistent area of conflict between organised labour, and governments, business and rural interests who promoted it. The tensions between the supporters of assisted immigration and the anti-immigration forces were fuelled by the type and frequency of assistance provided, and the overall number of immigrants brought into Queensland. Essentially, all sides agreed that Queensland should promote the immigration of persons willing to take up agricultural pursuits in line with the populist closer settlement ideal. Conflict inevitably arose, however, when imported labour entered into an already stressed labour market in either rural or urban areas. Bush workers, factory hands and tradesmen were united in their disapproval of increased competition which led to undercutting wage premiums in times of labour shortages, and of the extra competition for scarce jobs when the labour market contracted. The problem, and voracity of opposition, was most pronounced in the urban centres. These tensions arose, despite the best efforts of the government’s agents, because the majority of immigrants were not inclined to view the bush as their first choice of employment. The ports became points of absorption rather than redistribution and transfer of immigrants. The trade unions and the Labor Party were most vocal in their opposition to increased or assisted immigration. Employer groups, farmers’ organisations and various pro-immigration societies, such as the local Queensland branches of the Immigration League of Australia, continually lobbied for government supported immigration schemes.

Immigration linked to agricultural settlement can be understood as an attempt by government,
organised labour, and employers to create an agrarian-based social formation. Rural development through agrarian settlement was to remain at the centre of Queensland’s political economy until after World War II.
The Visible Hand — The State and the Developmental Ethos

Queensland governments have been characterised by a strong commitment to state involvement in the economy, directly and indirectly. The significant contribution of Queensland’s public administration to the state’s economic development has encouraged widespread public acclamation of various individuals in public life to an extent not experienced in the other states.136 The political economy of development has dominated Queensland’s public policy making. Political economy, in its broadest sense, relates to the role of the state, that is public administration, as a conduit for finance and source of material and legislative assistance to industry. That is, political economy encompasses the changes in the material conditions of a society in relation to the activities of the state, and of those individuals and organisations seeking to affect economic change through the instruments of state power. As the single most powerful consumptive element within the economy the state was a very visible hand guiding the direction and form of economic activity in Queensland. The centre piece of Queensland economic policy, the agrarian dream, was backed to the hilt with a consistency of political will seldom displayed in Australian politics. Other state governments pursued a more bilateral agenda that encompassed, more or less equally, agricultural and industrial development.137 Politicians and government planners in Queensland continued to devise schemes to populate the interior and to suppress industrialisation and urban growth.138 Despite official apathy and prejudice, the secondary industries sector continued to grow in order to satisfy the consumptive demands of urban intensification. Moreover, the sector increased in sophistication to make possible the manufacture of products that were in high demand in Queensland’s export markets.


Regardless of the ideologies which informed the direction of government economic policy, the key element that shaped the scope and limitations of the political economy was public finance. Queensland’s economic performance was itself, of course, the major influence on the state’s fiscal health. The extent to which a government could actively intervene in the economy depended upon the economy’s capacity to fund expenditure and public debt from government revenue streams. Queensland’s public debt grew steadily through this period from £36 million in 1900 to £49.8 million by 1913 (see Fig. 2.13 and Table 2.5). Approximately 85 per cent of this debt was owed to foreign lenders; most of it to the United Kingdom. The Queensland government ran high deficits during the drought years, with the highest deficit of £528,188 occurring in 1901. The deficit was gradually reduced, owing to Premier Arthur Morgan’s sensible austerity program and the economic competence of Treasurer William Kidston, to a modest budget surplus of £13,996 by 1905 which by 1907 had reached £396,116. The upward trend in operating surpluses plateaued during the years of Premier Kidston’s railway development program between 1909 and 1911 and remained modest until the onset of World War I.

Table 2.5

Queensland: Miscellaneous Fiscal Statistics 1900-1913

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Debt</th>
<th>Expenditure</th>
<th>Revenue</th>
<th>Deficit/Surplus</th>
<th>Interest on Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>35,898,414</td>
<td>4,791,577</td>
<td>4,420,324</td>
<td>-371,253</td>
<td></td>
</tr>
<tr>
<td>1901</td>
<td>38,272,627</td>
<td>4,855,533</td>
<td>4,327,345</td>
<td>-528,188</td>
<td>1,415,179</td>
</tr>
<tr>
<td>1902</td>
<td>38,318,627</td>
<td>4,674,206</td>
<td>4,242,295</td>
<td>-431,911</td>
<td>1,480,376</td>
</tr>
<tr>
<td>1903</td>
<td>39,069,227</td>
<td>4,376,466</td>
<td>4,185,125</td>
<td>-191,341</td>
<td>1,509,183</td>
</tr>
<tr>
<td>1904</td>
<td>39,069,227</td>
<td>4,261,826</td>
<td>4,249,385</td>
<td>-12,441</td>
<td>1,547,331</td>
</tr>
<tr>
<td>1905</td>
<td>39,068,827</td>
<td>4,258,731</td>
<td>4,272,727</td>
<td>13,996</td>
<td>1,547,091</td>
</tr>
<tr>
<td>1906</td>
<td>39,068,827</td>
<td>4,420,747</td>
<td>4,548,558</td>
<td>127,811</td>
<td>1,546,881</td>
</tr>
<tr>
<td>1907</td>
<td>39,068,827</td>
<td>4,679,821</td>
<td>5,075,937</td>
<td>396,116</td>
<td>1,546,883</td>
</tr>
<tr>
<td>1908</td>
<td>39,568,827</td>
<td>5,336,331</td>
<td>5,451,633</td>
<td>115,302</td>
<td>1,551,226</td>
</tr>
<tr>
<td>1909</td>
<td>41,568,827</td>
<td>5,720,619</td>
<td>5,730,560</td>
<td>9941</td>
<td>1,599,418</td>
</tr>
<tr>
<td>1910</td>
<td>41,568,827</td>
<td>6,243,125</td>
<td>6,248,800</td>
<td>5675</td>
<td>1,635,270</td>
</tr>
<tr>
<td>1911</td>
<td>43,868,827</td>
<td>5,314,737</td>
<td>5,320,008</td>
<td>5271</td>
<td>1,660,772</td>
</tr>
<tr>
<td>1912</td>
<td>46,341,936</td>
<td>5,965,692</td>
<td>5,989,347</td>
<td>23,655</td>
<td>1,724,304</td>
</tr>
<tr>
<td>1913</td>
<td>53,121,496</td>
<td>6,372,097</td>
<td>6,378,213</td>
<td>6116</td>
<td>1,844,096</td>
</tr>
</tbody>
</table>


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Between 1900 and 1913 the government’s largest commitments were to interest payments on public debt, railway construction, which was the principal source of the public debt, and education. Queensland government expenditure increased from £4.8 million in 1900 to £6.4 million by 1913 (see Fig. 2.15). Interest payments rose most years during this period, although they remained stable in the years from 1905 to 1909. Interest payments rose from £1.4 million in 1901 and to £1.8 million by 1913. This equates to an overall increase of 30 per cent, or an average of 2.3 per cent per annum. Railway expenditure grew from £1 million in 1901 and to £2.1 million by 1913, an increase of over 103 per cent, or an average of 7.92 per cent per annum. Spending on education, on the other hand, experienced more modest increases from £310,511 in 1901 to £487,135 by 1913, an increase of 57 per cent, or an average of 4.28 per cent per annum.140

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It is clear from the available statistics that railway development dominated Queensland public investment from the late 1870s until the Great Depression of the early 1930s. Railways are capital intensive, not only in terms of their establishment costs, but also in terms of expenditure incurred in maintaining them. The 1880s have described as the greatest decade of
railway expansion in Queensland. The first two decades of the twentieth century, however, were also significant. In terms of percentage growth in miles constructed, the peak years were from 1880 to 1899, with an overall growth of 340 per cent. During the years 1900 to 1920 the milage of railways constructed increased by 104.8 per cent. The overall percentage gain for the period 1880 to 1920 was 800 per cent. The greatest decade of expansion in percentage terms was clearly the 1880s (1880-1889) with 224 per cent growth. During the 1900s (1900-1909), 26 per cent growth was achieved, 48.2 per cent between 1910 and 1919, and 12.4 per cent between 1920 and 1930. In terms of actual mileage constructed, however, the period of the greatest railway building activity occurred between 1910 and 1920 when 1930 miles were constructed. By contrast, during the ‘boom’ years of the 1880s only 1505 miles were laid. Indeed, when one examines the mileage constructed in the two twenty year periods (1880-1899 and 1900-1920), the latter period is clearly more significant with the construction of 2935 miles, compared to the 2168 miles of track laid in the earlier period (see Fig. 2.14). Of course, when considered in miles constructed per capita, the 1880s boom represents the greater achievement. Nevertheless, Kidston’s pre-war railways construction campaign was significant in the light of a change in policy regarding developmental railways to focus on the construction of railway lines with a clear capacity to pay their way and produce useful revenues for the state.

While public debt provided the bulk of the finance necessary to conduct this expansive program of railway construction, state revenues were also crucial in servicing this debt and for funding other capital works and government services. Government revenue was derived from a number of sources, and during this period the structure of government financing changed considerably after federation. The main sources of income were, in order of value, colonial customs and excise in 1900 and 1901, Commonwealth grants, until 1910, railways, territorial (land sales and mining fees), state taxes, and interest from loans made to local government bodies, public utilities, and the interest accumulated on the public accounts. Queensland government revenues grew from £4.4 million in 1900 to £6.4 million by 1913 (see Fig 2.16).

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142 Summary: Railways - Mileage Opened’, QSS, QPP, 1 (1931), pp. 32-3k.
143 The Commonwealth grants were given in the tables only until 1910. After 1910 grants were included in the ‘Other’ category in the ‘Finance’ section of the Statistics of Queensland.
144 Finance - Revenue, Qld', ABCQS, 1907 & 1919, pp. 17 & 16.
The Politics of Economic Development: 1900-1913

As has been shown, railways and land reform were the primary instruments of developmental policy in Queensland throughout the nineteenth century. Their popularity with governments rested on the premise that they would assist in the promotion of agricultural settlement and in the economic development of the state. This situation existed until after the depression of the early 1890s when governments began to realise that expensive developmental lines were only a fiscally sound policy if there was a quick return on the investment. In the wake of the long drought, and loss of colonial customs and excise revenues, a significant shift in government policy towards the development of railways took place. Politicians began to view railways as a convenient avenue of revenue-raising and directed policy towards shifting the financial burden of constructing new railway lines off the tax-payer at large to those who would directly benefit from the new railway lines. This political ideal was clearly defined in Premier Arthur Morgan’s 1904 election policy manifesto. Moreover, Morgan’s immediate predecessor, Robert Philp, had also supported the agrarian push, providing that, the existing rail lines remained paying propositions and closer settlement did not directly threaten the

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145 A. Morgan, ‘The Premier’s Manifesto’, *Worker*, 30 July 1904, p. 6. Morgan was happy to continue with railway construction but he stipulated ‘that the interest on their cost is not to be a charge on the general taxpayer. The burden must be borne by the land benefited by the expenditure.’
All Queensland premiers this century have been developmentalist in approach, varying only in their degree of enthusiasm for either private enterprise or state capitalism. The first Queensland leader of the twentieth century to have a significant influence on the state’s political economy was Robert Philp. Philp exerted considerable economic influence in both the public and private spheres. In the public domain he had been Premier during the years 1901 and 1903 and again during 1907 and 1908, and had held, at different times between 1893 and 1907, the important ministries of Treasury, Mines, Works, Railways, Lands, and also the office of Home Secretary. In the private arena he was a successful and influential businessman as a partner in the pastoral and mercantile firm, Burns Philp and Co., and a somewhat less successful mining speculator. Philp’s legislative record relating to Queensland’s economic development was marked by the numerous railways Acts, especially during the 13th Parliament of 1899-1902 (when he was Premier and Treasurer), the Factories and Workshops, the Pastoral Leases, and the Sugar Experimental Stations Acts of 1900. During his first two years as premier, Philp’s main support for agriculture was his assistance to the sugar industry in research, development and marketing. The establishment of the Agricultural Bank was also another positive measure. His less than satisfactory record on matters of social welfare, however, reflected his narrow laissez-faire view of the world. The proposals he made were less than enthusiastically championed by himself and were generally failures, with the exception of the watered down Health Act and Factories and Shops Act.

The most numerous and economically far-reaching Acts endorsed in the early 1900s were those linked to land use and alienation. In 1900, the two key measures were the Pastoral Leases Act, which made easier the purchase of forfeited or vacant leases, and made new areas available for the granting of pastoral leases and the Pastoral Leases Extension Act. In the following year, pressure for more land suitable for agricultural development and restrictions

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147 Robert Philp was born in Scotland in 1851. He emigrated to Australia along with his family in 1862. He was the junior partner in Burns, Philp & Co, which became one of the most prosperous pastoral companies and stock and station agencies in Queensland. His parliamentary career began with his election to the Legislative Assembly as the Member for Musgrave (north of Townsville) in 1886. In 1888 he was elected as one of the members representing the port seat of Townsville. He obtained Cabinet rank by 1893 under Hugh Nelson in which he was at various times Secretary for Mines, Public Works, Railways, and Public Lands and Agriculture between 1893-1898. In the Byrnes (1898) and Dickson (1898-1899) ministries he added Treasurer to his list of portfolios (he also held to Home Secretary’s portfolio whilst Premier in 1903). He was Premier between 1901-1903, and Home Secretary for a time, and again from late 1907 to early 1908. He remained in parliament until swept away in Labor’s landslide victory in 1915. He died 17 June 1922.

of the previous Act lead to the *Agricultural Lands Purchase Act Amendment Act 1901*. Other related acts included the *Agricultural Lands Special Purchase Act*, the *Pastoral Holdings New Leases Act*, the *Prickly-Pear Selections Act*, the *Special Sales of Land Act*, and the *Special Agricultural Homesteads Act*, all enacted in 1901.\(^{149}\) The result of all this land legislation was that, in practice, Philp had accomplished much more for the pastoral sector than for the closer settlement selector.

The Labor Party, led by W.H. Browne, was unimpressed by the lack of dynamism and practical outcomes from the conservatives’ policy relating to closer settlement. Browne attacked Philp and his government over their close links with pastoral interests and the business sector generally. Indeed, the Philp ‘continuous’ ministries mostly comprised of businessmen, and pastoralists who were not particularly enthusiastic to assist breaking up pastoral runs for closer settlement. They truly believed that what was best in their interests, was also in the best interests of the whole state. Labor targeted Philp’s fiscal mismanagement and successive budget deficits, which the increasingly more confident Labor members claimed was evidence of the incompetence of these businessmen as public administrators.\(^{150}\) Philp’s support for private mining railways and for Pacific Island labour in the sugar industry, were anathema to Labor.

Philp’s land policy was especially problematic for the Labor Party. His half-hearted support for closer settlement was portrayed by Labor as representative of his support for pastoralists and the subjugation of the battling selector to a landed elite who controlled the best country. Indeed, for the Labor Party the lack of vigorous aid in fostering the mining and farming sectors was a direct result of government members protecting their own economic interests and those of big business and overseas investors.\(^{151}\) Outright corruption was intimated as the prices paid by the government for resumed pastoral runs were often well in excess of market values.\(^{152}\) Even the conservative press eventually lost its patience with Philp and his government. The *Courier* was dismayed at Philp’s economic bumbling and lack of sustained practical support for closer settlement. Philp’s plan to fund the £500,000 deficit with the introduction of new stamp duties was the last straw, and during September 1903 the *Courier*

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\(^{149}\) Ibid.

\(^{150}\) ‘A Message to the People’, *Worker*, 1 February 1902, p. 9.

\(^{151}\) ‘Some Points’, *Worker*, 8 March 1902, p. 3.

\(^{152}\) ‘A Damning Record’, *Worker*, 15 February 1902, p. 9.

To be fair to the Philp government it had the misfortune of presiding during the worst drought in Queensland’s history. The fiscal restrictions forced upon his government, due to the drought and the loss of revenue associated with the Braddon Clause, practically bankrupted the Queensland Treasury. It is clear that Philp and his ministry were not sufficiently competent enough to adequately govern under such trying financial circumstances. The factors therefore which underscored Philp’s demise were his own administrative limitations, the long drought, his under-estimation of the political support for accelerated closer settlement, and the perceived negative impact of federation on Queensland’s economy.

Following Philp’s departure, Arthur Morgan\footnote{Arthur Morgan was born 1856, raised in Warwick and followed in his father’s footsteps in representing the electors of Warwick between (or 1883?)1887-1906, with the exception of 1897. He moved over to the Legislative Council in 1906 and remained there until his death in 1916. He was a newspaper proprietor and held various positions and portfolios; Chairman of Committees 1891-1893, Speaker 1899-1901, Premier, Chief Secretary, & Secretary for Railways, 1903-1906, and President of the LC 1906-1916. Bernays likened him to former Premier Hugh Nelson, and described him as ‘in many respects he was an ideal public man’. Bernays, \textit{Queensland Politics During Sixty Years}, pp.112-113. For a biography on Morgan see B. A. Knox, \textit{The Honourable Sir Arthur Morgan, Kt: His Public Life & Work}, B.A. Hons, University of Queensland, 1956.} became premier, backed by a coalition of Liberal and Labor members. With support from the press, and wide sections of the business community and labour movement alike, Morgan resigned as speaker of the house and formed a government that included two Cabinet Ministers from the Labor party. Morgan’s first term was a short nine months. The coalition dissolved and after Philp and Arthur Rutledge both failed to form a government, Morgan secured a dissolution so that Morgan’s polices could be put to the electorate.\footnote{Bolton, ‘Robert Philp’, p. 212 & Hughes, \textit{The Government of Queensland}, p. 14.} It is clear from Morgan’s subsequent election platform that economic issues were of primary importance to him and to the electors of Queensland. Matters of social justice and reform were, of course, still high on the political agenda. Morgan stressed that his government’s main priority was to restore the state’s fiscal health, which was burdened by low revenues and high public debt. Morgan proposed policies of fiscal responsibility and envisaged the more efficient utilisation of existing loan funds which would be directed towards developmental projects that would successfully exploit Queensland’s vast natural resources. Developmental projects along these lines included light rail links to open up agricultural lands on a user-pays basis. The issue of private railways was tactfully handled by Morgan, who pledged support for state ownership and acknowledged that, because of fiscal restraints, allowance had to be made for private investment in railways in order to promote the
development of new mining areas.  

Morgan’s land policies addressed the needs of both pastoral and agricultural land users. From a fiscal perspective, land sales were to be avoided as a source of revenue tied to specific developmental projects. Instead lower overall land prices were to be offered to encourage closer settlement. Other industry policies of interest were those aimed at making provision for more practical, technical and research support for the establishment of agricultural and mining enterprises. One area of industry policy, however, that is obvious by its exclusion, is the status of the secondary industries sector, an issue that will be examined at some length in the next chapter. Finally, Morgan also proposed to establish selective assisted immigration schemes which, in his words, targeted migrants who could prove they would be ‘genuine wealth producers, [who would] not just swell the ranks of the urban unemployed’. Morgan was able to gain Labor’s support because his policies did not generally conflict with Labor’s state policy platform, although, Labor’s platform went much further and proposed wholesale reforms in industrial, land, state enterprise and immigration policy. The political Labor Party was patient, and despite the resistance of the more radical elements of the industrial wing, the party negotiated an accommodation with the liberal Morganites.

Unfortunately for Morgan, the main thrust of his economic program was thwarted by the intractable conservatism of the Legislative Council, a problem that was to hinder the reformist zeal of later Labor governments. The Morgan government had more than its fair share of disputes with the Council which, by 1904 was dominated by conservative reactionaries, and had ceased to function as a forum for legislative review. A number of important fiscal reform bills were lost because of the intransigence of the Council including the Income Tax Act Amendment Bill 1904 (which had been introduced to abolish the ‘Poll-tax’), the Electoral Franchise Bill 1904, and the Land Monopoly Tax Bill 1905. Other Bills were not so dramatically rejected and Morgan’s Cabinet colleagues were successful in piloting through

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158 ‘The Labour Platforms’, Worker, 2 January 1904. These policy planks included industrial reforms such as: the establishment of a State Dept. of Labour, Conciliation & Compulsory Arbitration, the extension of the Factories & Shops Act to shearers sheds and accommodation, amending the Mines and Machinery Acts, provide for a minimum wage and abolish contract wages in government work, provide workers compensation, early closing, Saturday half-holiday, and wages protection. Land reforms: encouragement of closer settlement, fair prices for public estate land, equality of rents for selectors and pastoralists, embargo of any further sale of Crown Lands, and Mining on Private Property Act. State Enterprise: State control of water resources, produce markets and storage, loans to settlers, assistance to gem miners, state settlements where the unemployed may obtain work as a right, state ownership, construction and maintenance of railways and manufacture of all railway rolling stock, and the establishment of a state sugar-refinery, ore batteries and metals smelters, flour mills, meat and freezer works, state bank, and state fire and life-insurance. Labor also wanted close auditing of the financial sector and the abolition of assisted immigration.
various agricultural development and land use Bills into law. In the final analysis, Morgan’s administration was reasonably effective in combining fiscal responsibility with positive developmental measures, particularly in land reforms, such as the Land Act Amendment Act 1905, in support of closer settlement. Much of the credit for Morgan’s reforms rests with the efforts of the Labor member for Rockhampton and Treasurer in Morgan’s ministry William Kidston. Morgan lacked the personal energy and commitment to sustain a reform agenda, and having had no apparent zeal for the premiership, opted to ‘retire’ to the Legislative Council in 1906. In doing so, he made way for Kidston, the increasingly popular Labor moderate from central Queensland.

William Kidston was one of the most economically astute and politically competent premiers to serve the people of Queensland. A former Scottish iron moulder, Kidston was a labourite reformer and democrat who understood the need for the state to be active in economic affairs, but drew the line at radical socialist ideals. He was in many respects the precursor to later pragmatic Labor leaders who held neo-socialist ideals but were not prepared to make an outright assault on capitalism. By 1902 Kidston was the effective leader of the Parliamentary Labor Party (PLP) despite Browne being the titular leader. He sought to promote fiscally responsible developmental policies, and was an advocate of closer settlement, but strongly objected to assisted immigration while unemployment was prevalent. This was in accordance with popular sentiment within the labour movement. As the PLP gained in influence, confidence, and independence, the industrial wing of the party became increasingly hostile towards the political wing. This power struggle led to the split in the Labor Party in 1905. Kidston was a labourist and not a socialist, so the adoption of the socialist plank at

159 Bernays, Queensland Politics During Sixty Years, pp.270-1 & 333-4.

160 William Kidston was born in 1849 at Falkirk, Scotland, where he was raised and worked as an iron moulder. He later qualified as an industrial chemist but for some reason returned to his work as an iron moulder during the 1870s. Kidston emigrated with his young family to New South Wales in 1882, and in 1883 moved to Queensland. He established himself at Rockhampton as a bookseller and stationer. He had a general interest in politics, liberal thought and social justice, especially the rights of the working class. He demonstrated this by establishing the Workers Political Association in Rockhampton in 1890. He first stood for parliament, unsuccessfully, in 1893 but was later elected as a state member for Rockhampton in 1896 and remained so until 1911. Bernays described him as ‘the most democratic democrat’ and level headed in fiscal policy judged on weather a proposition would be a paying one or not, and a valuable right hand man to Morgan. His career in politics demonstrated his commitment to reform but left him with a less than enduring reputation in labour circles due to his refusal to submit to Trades Hall and Labor Party control. He died in 1919. He was Treasurer and Postmaster-General in the short-lived Dawson ‘Labour’ government in 1899, once again Treasurer for a somewhat longer period from 1903-1906, Premier, Chief-Secretary, and Treasurer 19 January 1906 - 19 November 1907, Premier & Chief-Secretary 18 February 1908 - 7 December 1911. See Bernays, Queensland Politics During Sixty Years, pp.152-3 & D.J. Murphy, ‘William Kidston: A Tenacious Reformer’, in D.J. Murphy, R. Joyce, M. Cribb, eds., The Premiers of Queensland (Brisbane: University of Queensland Press, 1990), pp. 221-62.


162 See the Worker for the views of the three most powerful men in the Queensland Labor Party, Albert Hinchcliffe (secretary of the ALF, Labor Party & Manager of the Worker), Mat Reid (party organiser and self-appointed guardian of the party’s socialist principles), & Henry Boote (scientific socialist and editor of the Worker). 'Official Statement', Worker, 29 July 1905; 'The Audacity of elected persons' & 'The Crisis in the Party' (collection of letters to the editor), Worker, 5 August 1905,
the 1904 Labour-in-Politics Convention drove an ideological wedge between the non-socialist Labor parliamentarians and the union-dominated Central Political Executive (CPE). Those personally and ideologically aligned with Kidston left the Labor Party to become labour independents. Those parliamentarians who stayed loyal to the party did, however, win the battle to retain their independence from the CPE, but were, from then on, forever segmented along factional lines.\footnote{Dalton, ‘An Interpretive Survey: The Queensland Labour Movement’, pp.16 & 19-20.} The schism between the industrial and political wings of the Labor Party was more than just a stirring of socialist ideology against the laggardly pace of industrial and social reform. It was also a distinct expression of the desire in the labour movement for fundamental ‘changes in the economic organisation of society, not merely piecemeal reforms’\footnote{Murphy, ‘Queensland’, p. 171.}.

Kidston’s legislative reform agenda led to increased skirmishes with the Legislative Council, which prompted another election in February 1908. Kidston held on, but with Labor refusing to enter into coalition with him, he was compelled to join forces with his old adversary Philp to form what the labour movement would call the ‘Fusion Party’. The Labor members would not cooperate with a Kidston-Philp Coalition and another election was held in October 1909. As Denis Murphy contends, this was the first time that an election in Queensland had been fought along the two-party line of ‘Labor versus anti-Labor’. Despite his fallout with the Labor Party, Kidston’s administration was responsible for a plethora of labour-friendly legislation in electoral reform, social welfare, and with industrial Acts such as the Workers’ Compensation Act, Shearers & Sugar Workers’ Accommodation Act, and the Wages Board Act.\footnote{Ibid., p. 174.} On the economic development front the first comprehensive Closer Settlement Act 1906 was introduced by J. T. Bell, Secretary for Lands, which superseded the cumbersome Agricultural Lands Purchase Act 1894 and amended in 1901.\footnote{QPD, 98, 1906, pp.1074, 1168, 1195.} By February 1911 Kidston’s liberal-conservative coalition broke up and his term as Premier came to an end. His reform agenda was then replaced by the conservative mediocrity of the Digby Denham administration.\footnote{Denham was Premier from 7 February 1911 until 1 June 1915, he entered Parliament in 1902 as the Member for Oxley. For more biographical information see Bernays, Queensland Politics During Sixty Years, p. 166.}
Denham’s premiership is noteworthy for its lack of dynamism and a dearth of great reform policies. Denham had a reputation for scrupulous honesty and integrity, although his performance as premier was marred by his inability to simultaneously run his large business interests and to govern successfully. One historic instance worthy of mention for its infamy was his successful defeat of the Brisbane general strike in 1912 followed by his calling of an equally successful early election. His reactionary *Industrial Peace Act 1912* incited great resentment among workers, whether supporters of the general strike or not.\(^{168}\) In fact Denham, the eminent businessman, tried to forestall at every opportunity any progress of the labour movement in the political sphere. This disregard for the broader social changes taking place around the world and his lack of clear direction in economic policy contributed significantly to his political downfall. Not only did he alienate the labour movement, but Denham managed to also alienate many disenchanted farmers who turned away from his Liberal counterparts to form their own political organisations, and to fall eventually into the arms of the farmer-friendly Labor Party.\(^{169}\) He did not adapt well to the major economic changes that accompanied the out-break of World War I. His only significant response to the war was the passage of the useful *Meat for Imperial Forces Act 1914* which helped stabilise the Queensland meat industry and ensure a secure supply of meat to the British Imperial forces in Europe. Ultimately his anti-labour ideals and dilatory attitude towards the economic crisis caused by the war cost him government and T.J. Ryan’s actively reformist Labor party stormed into office in 1915 on the promise of economic action and social reform.\(^{170}\)

In summary, despite the economic depression at the turn of the century, federation, and intermittent droughts Queensland’s economic development to 1913 was quite robust. Significant restructuring began to occur in Queensland’s economy with growth in the agricultural, secondary and tertiary industry sectors, which resulted in greater sectoral diversity. The central developmental focus of government was directed towards railway construction associated with agricultural settlement and decentralisation in pursuit of the closer settlement ideal. Expanded immigration was generally encouraged with the intention of populating the interior and coastal plains. Queensland’s political economic desire to promote an agrarian utopia, however, ran counter to the broader demographic pattern of urbanisation.


and a structural economic shift towards industrialisation that characterised this period in Australian history. The failure of closer settlement in many districts was the result of several interrelated factors: a lack of sufficient settlers, the unsuitability of many settlers who took up farming, unsuitable farm lots, poor soils, inadequate water supplies, difficulties with transport and storage, and an under-developed domestic market. Failure turned to success when domestic markets became viable, especially the growth of markets interstate, so that surplus production built upon a solid local urban market could be exported nationally and internationally. In this respect, the sustained antipathy towards urbanisation effectively undermined the possibilities for successful large-scale closer settlement by denying new and expanding markets to the agricultural pioneers. Finally, the progress that had been achieved on all industry fronts was suddenly curtailed when business confidence evaporated, markets were interrupted or suspended, shipping was restricted, and immigration programs stalled when the European powers went to war in August 1914.