BLOCKADE
THE QUEENSLAND LOANS AFFAIR
1920 TO 1924

Tom Cochrane
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Contents

Illustrations vii
Tables ix
Preface xi
Acknowledgments xiii
Abbreviations xv

Part 1 Introduction: Queensland in the Twenties

1 Background 3
2 The Sequence of Events 7
3 The Historiographical Context 12
4 The Historical Context 21
   International Affairs 21
   National Affairs 22
   The Queensland Landscape:
      Ideas and Images of the 1920s 24
      The Ryan State Government 28
5 The Argument: Structure and Evidence 30

Part 2 The Economic Impact of the Loans Embargo

Introduction 35
6 Squatter and Selector: The Primacy of Pastoralism 36
7 Employment, Wages and Production 43
   Work and Wages 43
   Production: Mining – the Rush that Sagged Badly 49
   Production: The Reaction of Local Business and Manufacturing 52
   Production: Irrigation and Immigration 57
   Production: Agriculture 60
Contents

8 "The Most Useful Plant in the World" 63
9 From "Socialism at Work" to "No More State Enterprises"
(State Enterprises, 1920 to 1924) 70
10 "Mammon Is Supreme" – The Collapse of the Plans for a
State Iron and Steel Works in Queensland 74

Part 3 The Political Impact of the Loans Embargo

Introduction 81
11 The Impact of the Affair on Inherent Divisions in
the Labor Party 83
12 Parliament and the Loans Affair 91
   Debates on the Land Act and the Work of the "Delegation" 92
   The Parliament, 1920 to 1922 96
   The Parliament, 1923 to 1924 104
13 Anti-Imperial Sentiment and the Embargo 113

Part 4 Other Impacts of the Loans Embargo

Introduction 123
14 Education: "Billy Tea Before Champagne" 124
15 Health 131
16 The Law and Law Reform 134

Part 5 Conclusion

17 The "Blanching" of Queensland 141

Appendix 1: The London Pastoral Lobby 148
Appendix 2: The Loan Fund Account Estimates 150
Notes 153
Bibliography 165
Index 177
Illustrations

Theodore's election speech, *Daily Standard*, September 1920  8
The Bribery Crisis, *Daily Standard*, August 1922  101
Prince of Wales' visit, *Daily Standard*, August 1920  115
Tables

1. Principal towns of Queensland, 1920  27
2. Unemployment 1919–1924 (Queensland and Australia)  44
3. Effective wage rates, 1919–1924 (Queensland and Australia)  46
4. Weighted average weekly wage rates (males), 1919–1924 (Queensland and Australia)  47
5. Tin production (Queensland)  50
6. Acres under cultivation (wheat, potatoes, tobacco, pineapples) – Queensland  62
7. Acres under cultivation (maize, sugar, bananas) – Queensland  62
8. Acres under cultivation (cotton) – Queensland  62
10. State high school enrolments, 1920–1925 (Queensland)  127
Preface

This book inspects the effect of an economic blockade imposed on the State of Queensland in the early 1920s. The blockade was launched in response to the Queensland Labor government’s action against the privileged position of squatting interests in paying low pastoral rentals. Such action had been threatened by previous governments (of both sides of politics), but had been hitherto thwarted, either within Cabinet (as in 1910), or by the Upper House (from 1915 onwards). But in 1920, a newly-acquired Labor majority in the Upper House ensured the passage of the change, and British pastoral interests reacted with this economic sanction.

The impact of this blockade on Queensland’s economic and political affairs is examined; and it is shown that dislocation of the state’s economy, resulting in high unemployment, forced retrenchments and the abandonment or deferral of government schemes, was the result of this depletion of the government’s loan revenue. It is argued that the impact on the economy generally, for which there is wide and diverse evidence, is more readily understood by focussing on two events in particular; the boom and contraction of the cotton industry, and the abandonment of the plans for a large state-owned steel industry.

At the same time as the economy and the government’s plans for it were thrown into disarray, a distinct change in the political character of the government took place. The impact of the loans embargo on the Labor Party is discussed in terms of the inherent divisions within it, and the way the affair affected and was reflected in the parliament. I suggest that the state's political direction altered, an early election in 1920 being the beginning of this change. This case is based in part on evidence from the parliament which is presented in two broad periods — from 1920–22 and 1923–24. By 1924, the reform program had come to a halt, and the
local business community had become as anxious as the Labor premier that he would successfully negotiate new loan money in London.

As well as the economic disarray and the change in political character caused by the embargo, this investigation covers other areas of policy, such as education and law reform. The total picture emerging helps to explain the problem of Queensland's apparent political inversion from the 1920s to the 1950s and beyond. This reorientation can be seen in a condensed form in the loans affair. Despite the interpretation by Theodore and his supporters of the lifting of the sanction in 1924 as sensible compromise (the premier gave way on pastoral rents), I argue that the outcome must be seen as a comprehensive victory for capital. Thus this survey arrives at the conclusion that the affair left a permanent stamp on the future direction of Queensland, and the changes wrought in the state's domestic life are consistent with, and help to explain, apparently permanent changes in the political posture of successive Queensland governments.
Acknowledgments

This book really had its beginnings in 1974 when I encountered, in the late Denis Murphy's biography of T.J. Ryan, a view of Queensland that constituted a complete contrast to my picture of the State in which I grew up during the 1950s and 1960s. More specifically, Bernie Schedvin's depiction of the loan incident was a starting point, as was the encouragement from Raymond Evans and Kay Saunders to look at this particular period.

For assistance in research I thank the staffs of the John Oxley Library, other State Library branches, the Premier's Department, the Fryer Memorial Library at the University of Queensland, and the Queensland State Archives, and in particular Lee McGregor, then deputy state archivist. Thanks too, to Raymond Evans for arranging the consultation of honours theses and for various leads arising from his work on the previous decade, to Heather Drew for her special efforts with Queensland Department of Mines records, to Lynn Armstrong at the Queensland Parliamentary Library, to Warren Osmond for material on the steel industry he located in Philadelphia, and to Les Yewdale, MLA, for providing access to State Labor Party Minutes at Parliament House.

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Tom Cochrane
Abbreviations

AIF    Australian Imperial Forces
ALP    Australian Labor Party
AMIEU  Australian Meat Industry Employees Union
ARU    Australian Railways Union
AWU    Australian Workers Union
BHP    Broken Hill Proprietary (Limited)
IWW    Industrial Workers of the World
MHR    Member of the House of Representatives
MLA    Member of the Legislative Assembly
MLC    Member of the Legislative Council
PLP    Parliamentary Labor Party
QAJ    *Queensland Agricultural Journal*
QPD    *Queensland Parliamentary Debates*
SGIO   State Government Insurance Office
TLC    Trades and Labour Council
Part 1
Introduction
Queensland in the Twenties

Ultimately however I suppose that the people of Queensland will discover that it is bad business antagonising capital.

Sir Arthur Stanley, 29 June 1920
Early in 1920, the government of Queensland was faced with extraordinary and unprecedented animosity. A vindictive action, taking the form of a financial blockade, was imposed by a small but extremely powerful group of companies based in London. These interests precipitated a financial crisis in reaction to a reforming Labor government, which had antagonised pastoral lessees with the 1920 Land Act Amendment Act, which effectively increased pastoral rents, aligning them with those paid by smaller landholders. This crisis was to formally endure to 1924, but had ramifications far beyond.

This work is a study of that regional episode in Australian history. The blockade occurred during a time of considerable social upheaval and division. It destabilised the government, inflicting economic wounds which permanently altered the course of the state's development. Before outlining the sequence of events, the following brief account gives the reasons for focussing on this period.

Anyone interested in contemporary social and political events in Queensland, particularly in terms of its often-articulated perverseness in an Australian national context, is, initially at least, intrigued to learn that earlier this century, the State had vigorously reformist Labor governments. These governments lasted, together with their socialist reputations, for over forty years, and in the first ten of these, established some notoriety for their reforms. Often they were elected by a population which, within months, would return the government's political enemies as conservative Federal governments in Melbourne, and later Canberra.

The question begging an answer straight away, is: "How, why and when did the State of Queensland change from its posture as a 'pink country' in a 'true blue' Commonwealth, to its present-day status as a citadel of political reaction, private enterprise and social conservatism, frequently in contrast to other states or the national govern-
ment?" (In 1975, for example, a conservative Queensland government worked against a Federal Labor government.) Except for a brief Country Party interregnum during the Depression, Labor government in Queensland endured from 1915–57. But even a cursory inspection of its policies in the later part of these years reveals no trace of the radicalism or socialism for which the State had such a reputation. Indeed, it brings to light several of the abuses of power partly through which, under the subsequent Country Party government, the State has exchanged its socialist notoriety for its anti-socialist one. So one negative answer at least, to how and when this transformation occurred, is — not with the defeat of the Gair Labor government in 1957. The explanation must be sought earlier — during the period of Labor rule, and it must also be acknowledged that any investigation is unlikely to turn up a precise point in time, even a particular year.

For this purpose, the time of office of Labor governments may be broken up by premiers' spells in power. Ignoring ministries of only a few months, the succession was T.J. Ryan 1915–19, E.G. Theodore 1919–25, W. McCormack 1925–29, W. Forgan Smith 1932–42, F.A. Cooper 1942–46, E.M. Hanlon 1946–52 and V.C. Gair 1952–57. No sources on twentieth century Queensland history contradict the impression that there was a consolidation over this period of a conservative executive hegemony.¹ There were no great contrasts in policy among the last four of these, the main famous achievement being the establishment of the state's unique free hospital system in concert with a Federal Labor government in the 1940s. A look at the pre-Depression governments reveals that the last one, that of William McCormack, was driven from office after "the most important piece of strike breaking in the post-war period" in Australia, an action delighting the non-Labor parties of the time.² So the answer to our "when" question would seem, in the absence of similar outstanding anti-labour action, to lie in the ten years, 1915–25, the decade spanned by Ryan and Theodore. These were, indeed, the leaders of the governments which achieved an Empire-wide reputation for radical and "socialistic" action.³

It is important to establish at this point that, as with so much that has been described about Australia and the history of its labour movements, its "progressive" forces, the term "radical" is a relative one. While Denis Murphy has painted the Ryan Labor government as one of radical legislative activism, Raymond Evans has demonstrated that the Ryan government was tainted with much of the racism and ethnocentrism which was endemic in the Australian Labor parties of the time.⁴ It cooperated with Federal authorities in the early years of
Queensland in the Twenties

the Great War, specifically in anti-German initiatives, surveillance, and the "spread of loyalist propaganda". But by the end of 1916, its anti-conscription policy [no matter how hesitantly arrived at, and how emphatically the state government leaders disconnected it with an overall anti-war stance], incurred the knee-jerk wrath of loyalist forces, particularly the government of W.M. Hughes. By its very vituperation, the Federal government conferred upon the Ryan government a rebellious, if not virtually revolutionary, posture. Although this might have had the unintended effect of bestowing upon the labour movement a temporary reconciliation between its truly militant wing and its apparently militant government, it was certainly not in any continuing sense an accurate reflection of the temper of the Ryan administration. For all its open and notorious conflict with the bellicose prime minister, its dampened support for the war and its radical early legislation, it did not fail to cooperate with that Commonwealth government during the worst social crisis of the period, when "fascist violence" (Childe) mobilised in Brisbane in March and Townsville in June 1919. This cooperative intervention by the Ryan government was condemned as lukewarm by conservatives, but it was intervention, nevertheless.

Given this relative degree of radicalism, it is still clear from the conservative organs of opinion of the day that monied interests in the State, the Commonwealth and the Empire, perceived this part of the world as a Bolshevist "outpost" or "inroad", depending upon the perspective of the beholder. An enlivened class consciousness, confused and opposed by racist and elitist conceptions of Australian social development, as it may well have been, was a central fact of Queensland political life by the close of the war. As powerful as the loyalist appeal seemed elsewhere, it was utterly confounded by the apparent consolidation of socialism at the 1918 poll when the Ryan government was returned with an increased majority. As class antagonisms and social tensions erupted into violence in 1919 [events in which returned soldiers were heavily involved], and even as the labour movement fell away at the most critical moments of that time, local propertied interests nevertheless developed a broad economic strategy to assail the Queensland government.

So it happened that, as financial interests and investors in the "old country" patiently awaited the positive result expected to attend the armed intervention of the Allies in the newly-formed Soviet state on the other side of the world, so too did the same interests respond sympathetically to an appeal from some of the leading conservatives in Queensland to launch an economic blockade of their State.
This book is about this blockade, which V.G. Childe dubbed capitalism's "proper weapons", its impact, its effects and its ultimate success. These years of the blockade reveal a story of the final transformation of the Labor government, from relatively radical to conservative, active to inactive. This transformation had been perceptible in the preceding years, but the blockade threw into sharp relief the paradoxes and dilemmas of Labor rule, paving the way for the final irony of McCormack's railway lockout of 1927.

This study owes much to an article published in 1971 by Bernie Schedvin — "E.G. Theodore and the London Pastoral Lobby". She depicted the course of events from the initial agitation by conservatives in London and Australia before 1920 about the Queensland Labor government, to its capitulation over loan funds and Theodore's retirement from state politics in 1924. This article was based on the correspondence between Prime Minister Hughes' private secretary, P.E. Deane, and F.A. Keating, a partner in the pastoral firm, Gibbs, Bright and Co., which had a long involvement in Queensland domestic politics. Schedvin described the actions involved, particularly those of the pastoralists. The following account is based partly on this article as well as other sources, including two Brisbane daily newspapers, the Brisbane Courier and the Daily Standard.
In the 1920s, as indeed for decades before, Australian state governments borrowed heavily from London, or "the City" as it was known, particularly to fund developmental works and special projects requiring extensive capital outlay and expected to provide remunerative economic growth in the mid to long term. Industrial projects, railway building, irrigation schemes, and assistance to local authorities were all things which Queensland governments funded or proposed to fund from loan capital as the decade opened. Borrowing by the Australian states was uncoordinated, there being no Loan Council at this time. (The Loan Council, established as a voluntary body in 1923, became a statutory body in 1927.) Loans were arranged through agents, or intermediaries in the City, and the leading political figures of the Australian states and Commonwealth often travelled "home" to sell the country, or their part of it. To this end, Theodore set off for London in March 1920.

At this time, he had been premier for a little over four months. A program for change, including much that amounted to an attack on privilege, was underway and showed no sign of losing momentum. Part of it involved amendments to the Land Act which had the effect of causing pastoral lessees (or absentee squatting interests, in plain language) to pay similar rents to those collected from smaller landholders. The amending Act went through the Legislative Council within days of that Chamber being swamped by Labor appointees. Pastoral interests decried the Act as a "repudiation of obligation" and, in March 1920 (some days before Theodore's departure), a delegation of three of Queensland's oldest active conservative men of influence, Sir Robert Philp (a former premier), Sir Alfred Cowley (a former speaker), and Mr John Walsh (a solicitor) set off for London with particular intentions, contrary to the premier's.

At first these intentions were, publicly at least, a little vague. One
Premier’s Dramatic Report to the People.

Story of London Financial Ring’s Impudence.

Our Independence and Honor to be Maintained.

Despicable Tory Conspiracy; Delegation’s Secret Instruction.

New Financial Proposals—Local Loan, Wealth Taxation, and Special Bonds.

Scheme to Stabilise Wages and Grant Subsidies for Children.

The Brisbane Exhibition Hall—made historic by many remarkable meetings previously—was the scene of a truly unique event last night, when perhaps the most dramatic election policy speech ever delivered to Queensland electors was made.

The Premier of Queensland arrived in Brisbane by mail train about 7.30 p.m., after a post-haste journey from London, over a distance of 16,000 miles, and after an absence of just six months. Within half-an-hour he was before a crowd of electors that packed the Exhibition Hall—in spite of the wet weather—reporting to the people on his work abroad, and particularly on the vile Tory conspiracy to discredit the State and produce economic disaster, and the resultant efforts at dictation and political bribery by the London financial ring. In concise, plain language Mr. Theodore told his story, making sensational disclosures as to the Tory methods, and faithfully depicting the effects that these despicable tactics had wrought. He went on to outline the new proposals of the Government to meet the contingencies that had been created—a bold, statesmanlike policy, that is essentially based on the principle of self-government. The Tories have chosen to make finance the test of the Government’s worth, and the Labor Government has taken up the challenge.

The full text of the policy speech appears hereunder, and its main features are plainly set out. Apart from the proposals for raising money, one of the most interesting and important features is the scheme for stabilising wages and subsidising families.

circulating account was that this septuagenarian trio was to try to influence "Imperial authorities" to reject any attempt by the Queensland government to break the tradition of appointing British men of station as governors.\textsuperscript{14} Theodore was soon to discover, however, that their major task had been to lobby financial intermediaries of the City (i.e., London) to deny the premier the loan he so urgently sought. The City would only agree to the loan if the Queensland government agreed to change its stand on pastoral rents. This form of economic intervention was quite consciously adopted as the best tactic by the British pastoralists . . . "a mere veto of measures when passed will not be nearly as effective as the cutting off of supplies", wrote Sir Arthur Stanley in June 1920.\textsuperscript{15}

Theodore was unable to counter the power of this very small intermediary group. But he was convinced that, despite the propaganda against Queensland in the London conservative press, if a loan could be floated somehow or other, then it would not fail to be fully subscribed. The premier called an election.

He returned to Brisbane by early September, and dramatically delivered on the night of his arrival at Exhibition Hall an election speech around the theme — "self-government versus blackmail". This clearly panicked a divided Opposition which quickly denounced the Philp delegation and its work. Labor won the October elections, but not convincingly, and there followed a faltering attempt to raise money in a local Queensland loan. This was only slowly subscribed and, apart from the impairment of the government's program of economic development, the embargo exacerbated the already grave post-war unemployment and associated dislocation. Queensland's unemployed rose to twice the national average, and public works were aborted or modified, while the government considered wage reductions and retrenchments, unthinkable two years before. In late 1921, the Theodore government, in what was seen initially by supporters as a clever retaliation, raised money on Wall Street, being the first Australian government to obtain a loan of any size away from London. The government found further New York money in 1922, but neither of the American loans were of the same order as the amount desired in 1920 in London. The loan which had been embargoed was for an initial £4,000,000, with a projected need for £9,000,000 for the developments it was proposed to fund. The Wall Street loans were for £2,400,000 and £2,000,000 respectively, and they were raised when the state's financial position had further deteriorated.\textsuperscript{16}

Despite the bare survival of the government in 1922, major reforms had proceeded apace from 1920 to 1922. The Upper House was
abolished, Supreme Court membership changed radically, capital punishment abolished, the legal rights of women extended, agriculture and the state's role in it reorganised, and various social services introduced, including insurance for unemployed workers.

The Theodore government was re-elected in 1923, only to find that the City still refused to lift the loan embargo, despite the fact that most conservative groups in Queensland now opposed it. By an odd irony, an increasing proportion of the labour movement now expressed disenchantment with Theodore, while the "Tory" press and conservative parliamentary opposition showed respect and admiration.

This polarisation firmed in 1924 when Theodore returned to London for the first time since 1920 to seek another loan, still claiming that he would never accede to the repeal of the Land Act Amendment Act of 1920. There were several reasons why Theodore returned to the London money market. Firstly, the New York loans were not only smaller, but were also dearer, government statements to the contrary at the time notwithstanding. Secondly, nothing about the situations in New York and London in 1924 suggested any other pattern for Australian borrowing. Thirdly, Theodore was concerned about the maturing of loans raised by previous governments, and the need to meet these commitments as well as to raise new money.

Theodore got his loan, but only after he promised the City that pastoral rents would not rise by more than their former proportion (the pre 1920 limit) as of 31 May 1924. The Tory press in Brisbane hailed the agreement as a necessary compromise. Theodore considered that he had made no surrender because he did not repeal the Act itself. But the labour movement was in no doubt that he had capitulated. On Theodore's return to Brisbane in July, Caucus temporarily withdrew their support for him as leader. Later in the year he resigned to seek a career in Federal politics.

The loans affair, from the imposition of the embargo in July 1920 to its lifting in April 1924, lasted nearly four years. It is clear that from early 1920 to late 1924, Queensland society underwent a number of changes which conformed to the notion of a steady shift; from apparent political volatility to evident political lassitude; from social upheaval and dislocation to relative order; from great but uncertain economic ambition, to a modest reaffirmation of agrarian goals. The substance of this book is the assessment of these changes, economically, socially and politically. The degree to which this loans affair caused change, and the degree to which it highlighted or exacerbated the pressures producing change, is a primary theoretical quandary, as
with any causal analysis, explored throughout this study. Before proceeding, it is necessary to discuss some of the historiographical problems.
3 The Historiographical Context

There are two very well-known historical parallels in Australia to the events in Queensland in the early 1920s: Lang in 1932 and Whitlam in 1975. In both cases, Labor governments came to grief during economic crises, because challenges to their financial remedies for a general economic problem were successfully mounted via Constitutional levers. However, in this case, Theodore was not dismissed. He gave in. But the conservative opinion of the day had already hinted darkly at the consequence of any failure of Theodore’s to “come to an accommodation” with them. In November 1923, the English Review carried an article called “Queensland at the Crossroads”, which asked whether the Commonwealth [my emphasis] could:

afford to sit idle while a member of the confederacy defaulted?

The article went on to suggest that:

a not improbable consequence of such untoward happenings might be the raising in acute form of the question of the Imperial Government’s right of veto — a right which in modern practice is exercised only in very exceptional circumstances.

The writer then added:

Another aspect of the situation — by no means to be overlooked — is that defalcation might open the door to questions of even wider constitutional import, such as the limitation of self-government by communities which had not arrived at a certain degree of development.17

In the event, the so-called defalcation was ended, and the class represented by the writer won. Although not sacked by a head of state, Theodore’s Queensland career was finished.

The 1924 compromise signified a change for the State and a change for its leader. It is the boundary across which the inverted political character of Queensland’s affairs becomes intelligible, assumes
Queensland in the Twenties

perspective and shape. The break in legal and social reform, the muddled preoccupation with agrarian and populist conceptions of growth, the apparent apprehension about industrial expansion, the winding down of the state enterprise experiment, the choking of the more radical educational initiatives, the curious blend of obsequious indecision and callow deference which characterised its dealings with senior public servants — these are incomprehensible when set against the vivid conception of the early Ryan reformism, the much-trumpeted and still-celebrated socialist activism of the first Labor governments. They are not so difficult to understand on reading the story of this loans affair, this reckoning, in which the premier “met his masters”, as V.G. Childe put it at the time.

Why then, is this not a more dominant feature in the state’s historiographical landscape? Certainly it has been noted by various writers, including Denis Murphy. It is worth establishing here that it is not the compromise itself of April 1924, but the success of a pressure exerted over four years which that compromise expressed which is seen as the agency of reactive change. The question remains stark. Why has it not been raised as a major issue before? It becomes more pressing when files still held by the Premier’s Department in the 1980s show the dimensions of the abandoned plans for a state steel industry, plans forced into abeyance directly by the embargo.  

It is suggested here that in fact there have been two general reasons why these events have not received more attention. The first and obvious one is that in a relatively small field of writing of Australian history, the chroniclers and historians of Queensland, or parts of Queensland, have been interested in other things. The second is that the principal political and labour historians of (twentieth century) Queensland have been concerned to confer upon its remarkable period of Labor rule, a false continuity of policy and character. This appears in both the “critical” and the “celebrant” strains of history writing. Humphrey McQueen and Glen Lewis, possibly in reaction to the “celebrant” strain, have described the truly conservative nature of early Labor governments as a perfectly logical precursor of the later notorious conservatism of the more recent Labor governments and their Country Party successors. State paternalism and Gilbertian politics were as much part of the scene then as now, they argue. Conversely, Murphy does not, in any general sense, concede the patently reactionary and repressive character of the later period. He is essentially an apologist for Theodore, and a eulogist for Ryan. They were all Labor, as were Hanlon and Gair, and their “achievements” are therefore to be noted and commended.
This study suggests that the first three governments formed by the Labor Party in 1915, 1918 and 1920 were radical, active and remarkable at any time and for any place in Australia. These governments were besieged. Amongst their enemies they could number the local bourgeoisie and parliamentary Opposition, the Federal government, the state governments of most of the other states most of the time, the Imperial government, and most importantly, finally, British capitalists. Amongst their friends, apart from the obvious support from that loose and changing conglomerate known as the "labour movement", they could number only ideological sympathisers in Britain for example, the Catholic press (with reservations), and Wall Street bankers, a marriage of desperate convenience. The changes these governments made or attempted have been well chronicled by Murphy and others. But from 1923, it slows and stops. Even the most cursory glance at the legislation enacted shows that. Contrasting the Parliamentary Debates of 1923 and 1924 with those of 1920 reveals the depth of the change.

So historians of twentieth century Queensland have either been concerned with other matters, or they have conferred this false continuity on Queensland's politics and social development, struck as it were, by the appearance of Labor hegemony over such a long time. There have been two exceptions to this pattern: V.G. Childe and E.M. Higgins.

Vere Gordon Childe was briefly a resident in Queensland in 1919, and 1923 saw the publication of his book, How Labour Governs. The early twenties and his departure from Australia are thought to have signified an end to his interest in the Australian Labor Parties and their fortunes as governments, as he turned his energies to prehistory in the 1920s and 1930s. But he wrote at least one and probably two contributions to the London labour journal, Labour Monthly, which were essentially concerned with Labor in Queensland. The qualification "probably" arises because, the first of these, cited by E.M. Higgins on page 52 of his Masters' thesis as a reference to Childe, is to an article "When Labour Ruled in Australia", penned under the name "An Ex-Ruler". This appeared in the September 1922 issue of Labour Monthly. The same journal carried, in May 1924, the article by Childe written in response to Theodore's capitulation: "A Labour Premier Meets His Masters". Taken together, the articles provide (consistent with Childe's aims in his book) a condemnation of the theoretical ambitions of labour's parliamentary "road". The 1922 article developed a criticism of the notion of relying on loan finance to fund state development, but not before taking some time to describe the unusual situation in Queensland.
In Queensland, Labor, under Ryan and Theodore, has held office for nearly seven years. That ministry has displayed commendable zeal in giving the workers just those palliatives which they have been induced to crave. Mr Ryan's Arbitration Act is as favourable to unionism as such legislation can be made. In Mr Justice McCawley the Government found an administrator temperamentally fitted to do justice to the workers' claims. Moreover, in addition to favourable awards from the court, the unions were free to use the strike weapon without interference from the Government. And so wages jumped up. The whole set of industrial laws was reviewed. For the first time in Australia the American system of worker's compensation and insurance, compulsory upon all employers with a State Office, was established. Railwaymen were given the eight hour day, and other civil servants received many concessions. Finally, price fixing tribunals were set up to prevent (as far as was possible in a State largely dependent upon its more conservative neighbours) the employers passing on their wages bill to the consumer.21

Childe went on to show how these developments occurred against a backdrop of slumps in demand and rising unemployment at the end of the war.

Now, the accepted Labour panacea for unemployment is a big public works programme carried out with loan moneys. So in 1920, Mr Theodore, as Premier of Queensland, came to London in quest of a loan. And then he and the unionists of Queensland learnt what is the real power behind Governments. Theodore was plainly told that he could not get a penny unless he was prepared to throw overboard several planks of the Labor platform. So he sailed home empty handed, and the Labor Government was forced to embark upon a scheme of retrenchment among public servants that a Tory Ministry might envy.22

Thus, Childe noted:

Within the capitalist system Labor has been proved helpless to secure the workers a fair return for their labour. But equally has the absurdity of the wider theory of the socialistic transformation of society embodied in the Labor objective been revealed. The state enterprises which were to replace capitalist industry require loan money for their initiation. And for the destruction of industrial capitalism loan money has not been forthcoming. That fact was made plain in New South Wales as early as 1912. One of the six fighting planks on which Labor was there returned had been the establishment of State iron and steel works. . . [In Queensland] extension into anything that might threaten the grip of capitalism on industry has been checked by the shortage of loan money.23

Theodore was to refer to the sabotage of an iron and steel works project in Queensland in his election speech of 1920. Childe had no doubt about the radical reformist temper of the early Queensland Labor governments, and painted a clear picture of the reaction to that reformism.
Similarly, E.M. Higgins in his 1954 thesis ("Queensland Labour Governments, 1915-1929", University of Melbourne), and in the article in *Historical Studies* of May 1960, entitled, "Queensland Labor: Trade Unionists versus Premiers", portrayed the growing conservatism of Labor in Queensland from 1915-29, particularly in terms of conflicts over the basic wage and shorter working week, and arising from the financial trouble connected with loan failure. There was not, in Higgins' view, that certainty of Childe's that fundamentally, labour strategy was wrong, and based on mutually contradictory promises. In fact, it is denied by the optimism which led Higgins to observe, at the end of his thesis, that there was no insuperable obstacle to the achievement of socialist aims through the exercise of social democratic power. Queensland governments might have done *more* than they did however, he suggested, and were forced into conservative postures by the demonstration of the inadequacy of their influence on economic events by actions such as the loan starvation. Higgins also highlighted the seriousness with which the City viewed the American loan, and claimed too, that American business saw some significance in lending money in this hitherto strictly British sphere of influence.24

Neither Higgins nor Childe concerned themselves with the events in Queensland after the twenties. But both saw, within the twenties, the contraction and retreat of labour initiatives; the one (Childe) as an inevitable consequence of the wrong-headed attempt to seek change through parliaments, and the other (Higgins) as the result of a combination of wrong management and unfortunate circumstances. For both of them, the loans embargo was a major event, and for Childe, in terms of his interests as indicated in his writing, it was a final episode.

In sharp contrast stands the major book published on this period of Queensland's history, *Labor in Power*, edited by Denis Murphy, Roger Joyce and Colin Hughes and published in 1980. Divided into sections discussing particular policies and issues, several of the policy sections cover areas dramatically affected by the embargo. Yet in Denis Murphy's discussion of "State Enterprises" (pp. 138-56), the major industrial proposal (which was the construction of the State Steel Works), does not rate a mention despite a Royal commission held in 1918 into the establishment of one, and for which the government made extensive preparations from 1918-20 (ending in its final abandonment in 1921 as a result of failure to raise the loan). This is the more extraordinary because it was a key point stressed by Theodore when he went to the people in 1920. Murphy concerns himself instead with an argument based on the observation that the state enterprises' overall failure was determined by two unwise purchases during the
war, the State Stations and the Chillagoe smelters, both of which proceeded to make terrible losses. But in his discussion of the solvency of the enterprises, Murphy makes no mention of complications wrought by the financial blockade. The very next chapter is Kenneth Wiltshire's contribution on "Public Finance" (pp. 157–77). In it, he defines the "real problem" in 1920 as the shortage of loan money, as though it were a general problem and not one exacerbated by the embargo on Queensland. He describes the delegation's work, and then depicts Theodore's promise to amend "some of the government's stern financial measures" as if it was made in 1920, which it was not. By 1924, Wiltshire writes, "Theodore had again offered to make some concessions" [my emphasis], but the evidence of the Archives and contemporary newspapers reveals that the essential issue was precisely that the Queensland government had not, until 1924, indicated any willingness to bow to the pastoral companies' will. Indeed, all but Theodore thought that still to be the position at the time he was preparing his "no further rises in rents" peace formula. In his summary of Queensland's problems in handling public finance in the twenties, Wiltshire argues that Queensland fitted McLaurin's picture of shortcomings of "All the States in this period", the first of these being enumerated as: "... failing to spend borrowed money on self-liquidating, i.e., revenue-producing works, so that in the Depression the projects on which the money was spent could not pay their way...". 

The State Steel Works amounted to just such a proposal, and [in any exercise in retrospective attributions of blame] the question immediately arises as to who was responsible for this wrong-headed conception [i.e., in McLaurin's view] of the best way to spend borrowed money.

But, in another chapter, "Manufacturing", the same author refers, in passing, to "a State iron and steel works" which "could have spawned a whole array of metal-processing and fabrication industries". This is the solitary mention of this project in the book. It is mentioned in the context of qualifying the notion that the state enterprises which were undertaken were not really started to stimulate manufacturing. It is not placed in any context of time or place, nor is there any indication of the degree to which it was planned.

The other parts of the book concerned with economic aspects of Labor's years in power do not refer to the loans embargo [e.g., the sections on agriculture and mining] and neither do the issue-related chapters [e.g., "Ideological Conflict" and "The Anti Communist Pledge Crisis"]. The approach in Labor in Power reflects that in other
recent works covering Queensland in the 1920s, such as Queensland Political Portraits. In Denis Murphy’s portrait of Theodore, the loans crisis is described over three pages. Murphy cites Childe’s conclusion in the “Labour Premier Meets His Masters” article and disclaims with: “A fairer assessment would be that the reality of politics had become stronger in Theodore than the ideal.”

Apart from immediately raising the problem of what, for a parliamentary Labor leader, constituted reality and what constituted ideals, this rebuttal ignores the manifest class analysis in Childe, and reduces the issue to the level of personal pragmatic choices exercised by Theodore. The proposition that these choices were engineered by capitalist interests is bypassed, and the author proceeds to typify Childe’s response as characteristic of the “left of the labour movement” who, because of “an atmosphere of considerable discussions of the glories of the worker’s state in Russia” found it “difficult not to accept that Theodore had backed down to the money power of London”. This extraordinary formulation of the “Left’s” response has the effect of obscuring the fact that much of the labour movement not only did not find it “difficult to accept” this proposition, but rather immediately came to the conclusion that Theodore had capitulated with no doubts whatsoever, and further that this was to have been expected of him. Theodore spent a great deal of the remainder of 1924 defending his action. But sad to note, (we are to infer), “By then . . . the wide labour reforms that Theodore had achieved were buried in the marginal ideological debate about how a Labor Government should act, even in times of major economic problems.” [my emphasis]

In terms of the changed tempo of reform by 1924, debate about how the government should have acted was scarcely marginal, and “even” tends to imply that the debates on the best method of proceeding were particularly unhelpful when there were “economic problems” to confront. The perception that many of these problems were deliberately wrought by the government’s enemies has already been relinquished, and the pragmatic imperative is strident in Murphy’s discussion. The fact that ideological clashes tend to be more dramatic when a reforming government is under economic siege is not apparently recognised.

However, what is clear from Denis Murphy’s analysis in Labor in Power and in others, is the impression of early legislative activism. A strong picture of this activity, and the way it slowed in 1923 and 1924, is gained from looking at the Queensland Parliamentary Debates. These debates are one source in which the dominance of the loans embargo is obvious. Likewise, the issue is dominant in the contemporary newspapers on either side of labour politics. Anyone looking at these
Queensland in the Twenties

sources on the early twenties cannot fail to pick up references to the embargo, although assessments of its significance are a different matter.

For some, like Charles Bernays, its main significance lay in the sobering experience it provided the "inexperienced" Theodore. It warranted two paragraphs in the 380 pages of Our Seventh Political Decade, and the author immediately followed with a description in equal detail about Lieutenant-Governor Lennon's tripping over on the dais he was mounting to open parliament in 1920.31

P.J. Bray's honours thesis (1957) on Theodore and the labour movement describes Theodore's differences with the party from 1920-24, but does not depict a general change in character during the period of the embargo. Rather it presents the facts concerning the increasingly critical attitudes towards Theodore by the labour movement, without relating them to the reaction of capital in 1920.32 In other unpublished studies (Greenwood 1966; Armstrong 1975), the embargo is barely mentioned.33

More recently, Ross Fitzgerald's general study of Queensland from 1915 onwards does refer to the loan sanction and its effect, but it is fair to say that the attention is cursory. This is not so much because the incident is ignored but because it is embedded within a discussion primarily concerned with the tension between white Western "progress" and other values over a seventy-year time span. The embargo is described over two pages, and the conclusion is drawn that, in 1920, the loan starvation constituted a "severe blow" to the government's electoral platform.34

Raymond Evans' intensive study of Queensland society during the Great War, published in 1987, is not concerned with the period, although the significance of the loans boycott is referred to in the book's sombre conclusion. As such, this study of the early twenties constitutes a sequel to Evans' depiction of the previous decade.35

Irwin Young, in the most detailed study of Theodore in existence, concentrates on Theodore's dealings in England. The impact on Queensland, he states, was to cause "a certain amount of economic dislocation", which was however, "nullified to a considerable degree" by the American loans. He also proposes that Theodore virtually badgered the lobby into "submission" in achieving the settlement of 1924, a view not supported in any other source.36

Lack of data is not a reason for the issue's not receiving more attention, although there is one qualification to this. Library and archival sources in Queensland are not what they could be; grateful acknowledgements to librarians at Oxley and Fryer, and state
archivists, by researchers, notwithstanding. How this has come about is yet another "Queensland" problem. No Cabinet minutes were kept during the entire period of Labor rule, and there is still no systematic method of storing documentation of Labor Party decisions. Minutes of Caucus meetings are available, but only through personal approaches to the current state secretary of Caucus, and there is no organisational principle in their keeping. The richest and yet most daunting sources in the Queensland State Archives suffer from erratic and haphazard methods of arrangement and retrieval, a problem compounded by the 1974 flood. Some old bundles remain in government departments, and government policy on record keeping seems to have been irregular. Some characteristics of the Archives described above are shared with other state archives. The result, as noted by J.L. Cleland, is an Australia-wide tendency to detour around archival sources for research. Cleland's 1982 surveys of historiography showed this clearly. Queensland's historiography is no exception. Three of the seventy-nine notes of Murphy's 20,000 word, fifty-page treatment of Theodore in Queensland Political Portraits refer to the Archives, all to items before 1920. K. Kennedy's chapter on McCormack shows no Queensland state archival sources. The same is true with Kenneth Wiltshire's chapter on "Public Finance" and "Manufacturing" in Labor in Power, and Murphy's "State Enterprises" in the same book. In Glen Lewis' chapter, "Queensland Nationalism and Australian Capitalism", in Political Economy of Australian Capitalism however, an eclectic list of sixty-nine notes include five references to the Queensland State Archives. So paradoxically, Lewis' broad chapter on Queensland gives more. It is also Lewis who, almost in passing, discusses the loans affair of the early twenties as an incident..."never...properly examined by historians".
4 The Historical Context

It is important to know the immediate historical context for the loans embargo in the few years leading up to and including the early twenties: internationally, nationally, and within the State. Below, dominant features have been sketched, particularly those events which were clearly and repeatedly reflected in the Queensland press and parliament, or which had obvious and direct implications for the course of events.

International Affairs

Without doubt, the overseas events casting the longest shadows over Queensland's affairs in 1920 were the aftermaths of the Great War, especially those of the Civil War in Russia. Protracted and extremely contradictory reporting of the Russian revolution and its possible outcomes were conspicuous features of the contemporary press. Stories in the Brisbane Courier reflected a "White" bias, whilst the Daily Standard was warm for the "Reds". On 23 January 1924, the latter reported the death of Lenin and the forming of the first labour government in Britain. Both were front page stories, but on Lenin's was bestowed the larger typeset.

The European turmoil was dramatically conveyed to Theodore on his trip through Europe in July–August 1920. He was reported to be greatly taken aback at the fierceness of reaction in Hungary to the Bela Kun revolution, about which he obtained information whilst en route to Rumania.

Anti-German sentiment died hard in Queensland in the conservative press. As cracks appeared in Franco-British solidarity in the 1920s, great dismay was evident among conservative opinion. France came to be portrayed as unreasonably harsh on Germany, but only gradu-
ally. The speed with which bellicose chauvinism could be revived was evident in the rush to enlist in a possible new war with Turkey in September 1922. A tone of war-like speculation emerged in the coverage of the French occupation of the Ruhr in 1923. The same year saw the reporting of the Munich Putsch and the rise of Mussolini, which was, of course, to change the flavour of Italian immigration to Australia. On the other side of the world, noticeable levels of tension between Japan and the United States were being reported by 1924.

Naturally, much of the overseas news perceived at the time to be directly relevant to Queensland concerned events in Britain and Ireland. The disputes arising out of the partition of Ireland received wide and continuing attention. The focus on British affairs was directed at the fortunes of the British government and Prime Ministers Lloyd George, Bonar Law and finally Ramsay McDonald, who, the Brisbane Courier was often at pains to point out, was definitely a more respectable politician than any leader Australian Labor might produce. In 1920, Queensland was a "Bolshevik corner of the British Empire", and to be watched and dealt with by the owners of capital accordingly. The papers of Sir Antony Gibbs and Son, a central group in the pastoral lobby, abound with references to the form and strategies of conservative intervention, an interest which waned as the episode continued. There can be no doubt that the spectre of mutiny, world revolution and property confiscation which rose up in Europe in 1918 and 1919 fed the fears of those who reacted to the Land Act Amendment Act, which though in no sense revolutionary, appeared unpalatably confiscatory. Dismay and even embarrassment pepper the pages of contemporary correspondence. To see why this perception related so particularly to Queensland, we must turn to the national and state scene.

National Affairs

The social strain of Australia's involvement in the Great War was revealed in the profound divisions associated with the conscription plebiscites of 1916 and 1917. As the only state in which the Labor Party did not split, and further, one in which that party held office, Queensland was already seen as a regional repository of anti-war, anti-Empire, and anti-Hughes sentiment. It was no accident that the Warwick egg incident occurred in Queensland, and it was an indication of Hughes' feelings about that State that he set up the Commonwealth Police Force in retaliation. Between the two narrow losses of the
Queensland in the Twenties

plebiscites, Hughes presided over the triumph of the 1917 Federal election, a routing of the remnants of his former party. In the years after the war, the chief promise of a revival in Federal Labor fortunes seemed to lie in the strength and unity of that party in Queensland, and indeed Premier Ryan resigned to take up the role of leading a national Labor revival, a hoped-for process never completed because of his own death in 1921.

Tensions of many kinds had emerged in dealings between the Queensland government and the Australian government in the war years. Most of these were inspired by differences in political hue between the Ryan and Hughes governments. Challenges to the power of capital were early marks of this difference. Strategies aimed at limiting monopoly were among the first measures of Ryan's government. Indeed, had it not been for the obstruction by the conservative Upper House, not abolished until 1922, and not rendered "sym pathetic" until 1920, much, including the Land Act Amendment Act, would have been law before the war ended.

The way these state–federal tensions particularly took on the tone of a disloyal regime confronting the loyal national cause has been documented in detail by Raymond Evans.* Hughes' sudden flashes of anger at the opposition of the Queensland government to some of his domestic war aims were underpinned by a more dogged long-term determination to disable the state government's work. Hughes' private secretary Percy Deane was a prize recruit to the pastoral lobby's cause.** The strategy of those who sought to rectify Queensland's reckless socialist cause was clear: rebuild and unify the conservative political opposition in the State. "Queensland has got to be cured from inside in the long run and it is haphazard Liberal organization which prefers protest to prevention which has to be cleaned up."*'

But, during the 1920–24 episode, Hughes was to fall from his position, and the latter part of the period saw the rise of the Country Party and the emergence of S.M. Bruce and Earle Page. The evidence in the State Archives is that Bruce, if he had any particular interest in Queensland affairs, was anxious, like many Australian conservatives by 1924, to see loan capital restored to Queensland.50 Perhaps, by then, the astute could see that Queensland had been "cured" without the Labor Party's having been electorally defeated. Its economic tonic had its symbolic parallels too. Incorporating Queensland into an Australian national mainstream was, in a limited sense, the fully-realised objective of the visit of the Prince of Wales in mid 1920.51

There was one, final, incontrovertible blow to any aspirations the Queensland Labor government might have had to reduce its relative
isolation and lift the financial siege. When Ryan left the State for Federal politics, his opponents were convinced that he was destined for the prime ministership. Had this occurred, solutions to Queensland’s money problems may have been the easier to find.

The Queensland Landscape: Ideas and Images of the 1920s

The early 1920s in Brisbane was a time of great uncertainty. The specific insecurity relating to the outcome of the war and its effects upon people gave way to more general anxieties about the future welfare of society. For many, it was, if not a tumultuous time, at least one of some considerable dislocation. In addition to the war, the “pneuflu”, as it came to be known, had claimed lives arbitrarily, haphazardly and in alarming numbers.

There was intense interest in developments in Russia. There seems little doubt that much of the labour movement regarded the Bolshevik Revolution as a Russian solution to the same general problems that labour rule could overcome in Queensland. The identification of the local labour press, with a wide range of “Left” opinion from Ramsay Macdonald to Leon Trotsky, may seem to us today quaint and naive, but the sentiments were reciprocated in the conservative media of the day. Wild stories flew in both presses, and even if one reader confined himself to the morning “Tory” papers or the evening “Caucus” paper, the divergent accounts of the same incidents cannot have failed to remind him of the vulnerability of the newspapers to gross distortion in reporting, intended or otherwise.

Many of the impressions contributing to this depiction of Queensland’s social landscape in the twenties have been gained from a day-by-day perusal of two newspapers: the Brisbane Courier and the Daily Standard. There were indeed three dailies in Brisbane from 1920-24, the third being the Daily Mail, which was to merge in 1933 with the Brisbane Courier to form the now familiar Courier-Mail. The political, editorial, and news-reporting posture of the Daily Mail was very similar to the Brisbane Courier, which clearly identified with the Nationalist (i.e., “Liberal” in a 1980s context), component of the conservative cause.52

The Courier editorialised almost daily on the Labor government for protracted periods. Most news stories appeared in single columns, and the paper reserved two- and three-column headlines for major stories, using this technique of emphasis sparingly. On Saturdays, editorial comment altered to a declamatory and exhortative style on the wisdom
of reading and the virtue of literature. The *Daily Standard* was a less bulky (but not tabloid) afternoon paper, more given to wider headlining and photographs. It was not strictly the mouthpiece of the Labor Party or any particular trade union (in contrast to the *Worker*), and was frequently critical of members of both, although from a "Left" perspective. Consequently, it was a vehicle for the daily expression of quite contrary opinion to that given in the *Courier*. The daily media in Brisbane in the twenties therefore lacked the quality of sameness and uniformity of approach to news stories which characterises the Queensland and Australian daily newspapers in the 1980s.

The *Daily Standard*'s general approach may be described as a commitment to socialism, and invoking comparison with socialist ideals was often the basis for its criticism of the state government. The paper started as a strike bulletin in the 1912 general strike, and it ceased publication in July 1936. Its major shareholders were Brisbane-based unions.53 It had become, in later years, less critical of official Labor. Indeed, its tone moderates in 1924.

In Queensland in 1920, class conflict was an acknowledged dynamic in daily reality. So intense was the conservatives' hatred of the government of the day, that not once in the four years from early 1920 until late 1924 (after his retirement was announced) did the *Brisbane Courier* publish a photograph of the premier, whom it so clearly feared and respected at the same time.54

The power of the capitalist was, in a general sense, under attack. There was no doubt of this on either side. The uncertainties which existed took the form of, on the labour side, not knowing whether those carrying this attack would continue to do so in all circumstances (and, in many cases being, by 1920, convinced that they would not) and, on the conservative side, being divided about the best way of proceeding in its defence. For this defence, there was a very wide range of options. The law, the press (and therefore the electorate), the economic power afforded by the relatively narrow control of certain kinds of finance, and finally outright bribery of members of the Queensland parliament, were all strategies to be invoked in the struggle to reverse the assuredly temporary success of the parliamentary wing of the labour movement.

Although the labour movement had captured legislative power, one is led to ponder whether supporters ever, quite apart from the special issue of private property conceptions per se, had any idea of challenging certain hegemonic modes of control, or failing this, whether there was any appreciation of the effects of the failure to challenge such control, even in terms of the limited specific aims of legislation. A bizarre
feature, for example, of the *Daily Standard* was the carrying of advertisements for Aspro captioned "Smash the Profiteer"; and advertising for "workers' choice" of commodities such as certain brands of beer (Perkins for one) was a daily feature. There seems to be evidence that little attempt was made to vet appointments in the Public Service at a senior level, including those aspects of the service charged with the responsibility of implementing specifically reformist initiatives, and there were complaints of "haughty" treatment by Public Service unions. Despite some recognition of the problem in the labour press, and one or two symbolic clashes in which the minister for Public Instruction was involved, it also seems to have been the case that not only did the parliamentary party have no intention of revising school curricula on any wide scale, but indeed, they had a certain pride in a policy of non-interference! Similarly, despite constant apparent conflict between the labour press and the official body of the medical profession, the British Medical Association, there is ample evidence to suggest that in interpersonal dealings with government medical officers, ministers were deferential, if not submissive. For those at the bottom of the heap in Queensland, the Aborigines, the inmates of charitable institutions and the mentally ill, the government did nothing, and nor does there appear to have been non-governmental labour movement concern with these groups. There was concern however, about the admission requirements for the insane, and the power vested in the much-disliked doctors. The one exception to this general notion of a failure to challenge modes of conservative hegemonic influence was in the legal arena, where the government at least engaged in symbolic battles.

There seems to have been only temporary nexus between the reform government and intellectuals who were attracted to it. The social and political changes wrought by the Ryan administration appear to have lacked a rationalising intellectual group or an associated cultural vitality (such as that connected with the Whitlam victory in the 1970s). Three figures of future scholarly and literary potential departed the State forever at this time: V.G. Childe, who had certainly been attracted to Queensland because of the Ryan government; Jack Lindsay and P.R. Stephensen.

By 1920, there were several significant demographic differences between Queensland and Australia as a whole. One of these was in the area of ethnic origins of European population; another, the proportion of black people, indigenous and otherwise. Another still, was the total proportion of women in the State. In 1920, the Australian national ratio of females to males expressed as a percentage was 49.1 per cent;
in 1924, 48.97 per cent: in 1920, the Queensland ratio was 47.16 per cent; and 1924, 47.28 per cent. In other words, in 1924 there were 45,346 more males than females in Queensland. This excess was a proportion of 5.5 per cent of the population.  

Fewer of these women seem to have been engaged in the workforce than the national average, and those that were, were partially excluded from the relatively buoyant wage-levels of their male counterparts. Queensland weighted average weekly wage rates for males were consistently high 1920–24, and in only two of the five years were they "relegated" from highest of all states. Similarly, "effective wage rates" (Commonwealth Yearbook figures) were always the highest in the Commonwealth. These relative superiorities did not extend to female wages, although these were not at the bottom of the national scale either.  

In 1920, Brisbane had 210,032 inhabitants, or 27.8 per cent of Queensland's population, compared to Sydney which had 43 per cent of the population of New South Wales and Adelaide which had 52 per cent of the South Australian population. The main towns of Queensland had populations as set out in Table 1:

<table>
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<tr>
<th>Principal towns of Queensland, 1920</th>
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<tr>
<td>Brisbane</td>
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<td>Rockhampton</td>
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<td>Townsville</td>
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<td>Toowoomba</td>
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<td>Maryborough</td>
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<td>Charters Towers</td>
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<td>Bundaberg</td>
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<td>Warwick</td>
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<tr>
<td>Southport</td>
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<tr>
<td>Roma</td>
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Brisbane was ruled by local government councils which were constantly accused of personal factionalism and incompetence. It was not sewered, and suburban railway extension was still underway. There was no Anzac Square, no City Hall. Sport and politics took place in the Exhibition Grounds. There was no Lang Park, and the Wooloongabba Cricket Ground had yet to see its day as the site for cricket. There was one bridge across the river, except for the railway line at Indooroopilly. A farmer living on the outskirts at Bracken Ridge could expect a three-hour haul by horse and cart to Roma Street to sell his wares.  

In contrast to the factionalised local government councils and the remote Federal government in Melbourne, the state government was visible, growing in power and full of plans. The Administration Building in George Street, looking over Queen's Gardens, was completed in 1920, and was part of a style that characterised Brisbane city.
architecture until the 1960s. Government expansion and enterprise was evident everywhere, and all within the ostensible context of a reformist mission, from reducing social tension between suppliers and distributors of primary produce, to taking over the trams.

The Ryan State Government

Edward Granville Theodore became premier of Queensland in October 1919. The legislative program which he intended to pursue was to a significant degree a continuation of the Ryan government's initiatives, including failed or thwarted ones. On election in 1915, Ryan had faced a hostile Legislative Council, whose members were appointees of previous governments. The idea of swamping that Chamber with alternative nominations, or of abolishing it altogether, became more attractive as the Council set aside or opposed legislation sent it from the Assembly.

The Ryan government's immediate concerns were to break sugar and meat monopolies, introduce an industrial conciliation system, fight the Federal government on the conscription issue, and resolve the problem of the Upper House.65 Amongst the first of the Bills successfully thwarted by the Upper House was the Land Act Amendment Bill, "sent back" to the Assembly in 1915.

The issue of abolition of the Council was put to the people in a referendum on the same day that they returned Hughes at the 1917 Federal election. It was lost. The Upper House remained. Ryan was, however, able to establish an arbitration system, a workers' compensation scheme, the state enterprises and a variety of social reforms, including giving women the right to stand for parliament.66

Such legislative schemes were not the only targets for the conservative opposition. Court actions were undertaken to prevent or inhibit the government, but Ryan's ability to use the High Court and the Privy Council to resist the Supreme Court's opposition was, according to his biographer, Denis Murphy, Ryan's singular talent.

Premier Ryan travelled to England in 1919 to appear in some of these cases. Whilst there, it had been planned to discuss with representatives of British financial interests, the current legislative program of the Queensland government. But the meeting which would have been the forum for these discussions did not take place, as both Mr and Mrs Ryan were struck down with the Spanish 'flu. However, the Gibbs papers make clear the agitation brewing among the pastoral lobby at this time,67 and it is evident that the proposal to legislate against the
lease-holders’ privileged position, so far resisted by the Upper House [which now appeared to have a limited future], would have been the main topic of discussion.

An unsatisfactory uncertainty about the availability of loan finance for Queensland was the other message Ryan received on this trip. Accordingly, both the Land Act and loan finance were urgent priorities when Theodore became premier later in the year. By January 1920, they were daily headlines.
5 The Argument: Structure and Evidence

This introduction has attempted to give an overview of Queensland over the first five years of the twenties, and to provide a description of and context for the events.

The next three parts develop the evidence in three strands: the economic impact of the loan failure; its political impact; and "other" impacts. These assess effects on Queensland. Except where required to describe the sequence of events, and the effect of the pastoral lobby's attitude on negotiations, the "London end" of the affair is not an object of this study.  

The economic impact is reviewed in terms of ongoing economic tensions in the State; of evidence concerning increases and decreases in production, wage standards and employment; and of the reaction of local business.

Particular attention is focussed on two economic episodes. The first of these (chronologically), which was acted out in 1920–21, was the forced abandonment of a state-owned heavy industry project. The second, which occurred in 1923–24, was the complicated story of the rise, and beginnings of the fall, of the cotton industry. Considerable space is given to the latter, because the evidence is so at variance with one of the popular arguments concerning Queensland Labor, which runs to the effect that it sensibly and competently took control of agriculture in the early twenties, cementing its ties with the farmers. The evidence contradicts both the idea of competent control and the notion of wider support from farmers, and points to lack of finance as a critical factor in this.

The political impact is reviewed in terms of the effect of the loan shortage on the Labor Party itself; the effect on parliament as reflected in the Parliamentary Debates, and finally, the effect of the embargo on anti-Imperial sentiment. The discussion of parliament is itself in three parts. The first is a review of the way in which the Opposition
represented its attitude to the delegation, and its work in 1920, and the response of the government, which comprised distinct Cabinet and backbench reactions. The second is an account of parliament from 1920-22, highlighting the manner in which the loans affair impinged upon the major issues, the abolition of the Upper House and the attempt to bring down the government with bribery. The third is a discussion of the great change in atmosphere which seemed to overtake the 1923-24 sessions, and which was reflected in the different style and language of the government frontbench, particularly when debating the resolution of the financial trouble.

The "other impacts" concern those areas of government activity in the early twenties which may be categorised as social reforms. These were in three areas — education, health and law reform — and the argument reviews the impact of financial shortages on each of these.

The evidence supporting these three broad strands (economic, political and "social reform" impacts) is set out in the bibliography and notes, but one or two general points seem worth making here.

The economic effect of the embargo was patently clear in the Parliamentary Papers and other archival indicators of public sector expenditure (e.g., Treasury Department Loan Fund Registers). Economic statistics reflected in the Commonwealth Yearbook and a state publication, *The Statistics of the State of Queensland, 1924-25*, provided much detail, especially in the areas of production and wage rates. Private sector "business indicators" were the most elusive statistics, but Butlin's tables were of some assistance. The two "episodes", cotton and steel, were discovered in the Queensland State Archives and in the Premier's Department, and much of the evidence was culled from these bundles and the relevant departmental journals.

The account of the political impact is based on the Parliamentary Debates throughout the period. State archival sources relating to the loan events and the visit of the Prince of Wales were important, and the minutes of Caucus meetings gave an impression of the way individual state Labor parliamentarians lined up on the issues, which would otherwise have been lacking.

The account of "other" impacts is more dependent on secondary sources, especially theses, although the Parliamentary Debates were again important.

Secondary sources of various kinds provided information and analysis for all "strands". Of the newspapers consulted, particular attention was paid to the Brisbane Courier, of which every issue from 1920-24 was perused. Likewise, much time was spent with the Daily Standard and, using both, a conscious effort to develop a continuous
“narrative” impression of the five years was made.

Of the private papers, the Berriedale Keith papers (copied as part of the Australian Joint Copying Project from the papers held at the University of Edinburgh), and those of Sir Antony Gibbs (a microfilm version of which became available in the University of Queensland library during the course of this study), were the most useful in terms of comprehending the tactics and dilemmas of British capital.

The evidence which was at once both least anticipated, and most critical, concerned the steel works project. It was not until reading Theodore’s 1920 election speech [reprinted in full in the Daily Standard [see page 8], that awareness grew of its potential significance, and some months later, a search in the State Archives revealed a bundle in the Premier’s Department not yet transferred to Archives. This bundle, like others in the Archives, was a goldmine of facts and figures which brought the dilemmas of the times alive. Some unanswered questions remained however; one of them concerning the future of the Steel Works’ General Manager, John W. Brophy, as the government realised it must abandon the Works. He vanished from the bundle (and all other sources) in 1921, and today the Public Service Board has no record of what became of him.70
Part 2
The Economic Impact of the Loans Embargo
Introduction

The idea of examining the impact of the embargo on loan finance suggests, above all, viewing its effect on Queensland economic activity and policy. This discussion of its effect asks three broad questions.

Firstly, what was its impact economically in terms of the longstanding tension between larger and smaller landholders in the State, the more particularly because the embargo was the work of the former group?

Secondly, what was the consequence for the economy, using those indications from the twenties which are available, viz., wages and employment levels, patterns of production and economic activity, and policy? The cotton boom and crisis is discussed with the intention of showing the dilemmas posed for the government by the lack of a strong financial basis with which to give much needed economic direction.

Thirdly, and finally, what was its effect on the recently created state enterprises? Did their failure date in part, or more directly commence because of this attack on Queensland's financial resources? The fate of the plans for a manufacturing enterprise on a grand scale, the State Iron and Steel Works, is examined in the light of the embargo.
Understanding the structure of the Queensland (and indeed, Australian) economy and its relationship with British economic needs, is an essential task in interpreting the events of 1920-24 in Queensland and London. It may be helpful to place the economic pattern to which the State has conformed in a context described for it by Ehrensaft and Armstrong in their essay on "Dominion Capitalism". In this, the authors distinguish for Australia, New Zealand, Uruguay and Argentina a struggle between what they call "merchant and financial" capital on the one hand, and "local, diversifying industry" on the other. The definition of "merchant" capital is unclear but they go on to claim that this kind of capital "subordinates social structure to the imperatives of staple exports rather than transforming the local economy into a diversified autonomous entity".

In the 1920s in Queensland, the Labor Party was to all appearances pursuing its efforts to reshape the social structure. An important part of this remoulding endeavour was the explicit commitment to the extension of local agrarian enterprises at the expense of grazing interests, in turn representing and represented by the "merchant capital" of British pastoral investors. Over the period under inspection, the pastoral industry, in cold economic terms, lost none of its supremacy, and politically was very much to assert itself in the domestic affairs of Queensland.

With the rest of Australia, the State shared the problems of land settlement but the legislation which was theoretically addressed to those problems was, in practical terms, often ineffectual in the face of them. In the 1870s, subdivision of large holdings commenced, but, of a total of 6.3 million acres of Crown land alienated over the sixteen-year period from 1868-84, "only 120,000 acres were brought under crop, while extensive dummying frustrated much of the intent for closer settlement". The Land Acts of 1884 and 1886 sought to promote
settlement, but, in the case of the 1886 changes, a concession was made to pastoral interests over the question of the maximum permissible increase on rental adjustments for pastoral leases (which later led to the 1920 Land Act Amendment Act).

The legislative principle embodying the notion of closer settlement has been enumerated by Hughes as a three phase proposal envisaged by the 1884 Act. It ran thus . . .

first, pastoral leases for a fixed term but without restriction as to area which would be attractive to big capitalists; second, when the big pastoralists were no longer required, the land would be broken up into grazing selections for extensive use, until the land was needed for agricultural settlement; finally, when required, there would be further subdivision into farming units at which stage freehold would be granted. The advance of the agricultural frontier would sustain a steady flow of immigrants, and as each worker left the labour market to become a farmer a new worker would replace him.

Underpinning this latter notion were two elements with bipartisan roots. The first was a view about tropical and non-tropical agriculture in the State, viz., that it offered a promise of greater success as an export industry than elsewhere in the country and, secondly, that this success would be achieved by the use of white labour, which would, and did, displace black labour. A certain success did attend some of the agricultural enterprises in Queensland, and this served to buoy up the aspirations about rural community and settlement shared by successive governments. But as we shall see, in the period under inspection, the success stories were very much crop related and, in one case, monopoly ownership of the means of distribution of a crop (sugar), became in itself a political issue for a Labor government.

Excitement at the potential of agriculture and food production in Queensland was evident in the 1920s. Sugar, wheat, fruit (especially tropical varieties), nuts and rice were all prominent in local news, and so was fish supply. Indeed, with the notable exception of beef, most primary industries in the State fared well, with a particularly good rainfall in 1924. But the crop with the most hopes pinned to it as a basis for the founding of agricultural communities was cotton, the value of the crop reaching an estimated £1 million at one point in 1924. The much-feted British cotton delegation’s visit of 1922 conferred the blessing of all its weighty commercial and technical expertise in the rising tide of general expectation about the potential of cotton in the State. During this period too, the sugar industry continued to expand, although the degree of its prosperity was diminished by the national decision to lower the domestic price of sugar, taking effect in 1923, a
move against which diverse forces in the State showed remarkable unanimity in acting.

The larger crops thus showed either a continuing reasonable yield, or great promise of such, and together with government commitment to provide land, water and transport to extend the "agricultural frontier", kept alight the flicker of the Arcadian flame. Nowhere were the signs of its eventual extinguishing more clearly to be read, however, than in the initial catalogue of misfortune, disaster and impoverishment that attended the soldier settlement experiment. The worst failures were often associated with crops "indigenous" as it were, to the State. Thus pineapples at Beerburrum, bananas at Mt Nebo fared as badly as corn in Atherton, or poultry at Mt Gravatt. The individual small farmer was a real casualty of these times, dooming and, in British eyes, damning the vision of Empire settlement. On 4 December 1922, for example, the Brisbane Courier reported that at a speech in Manchester, Field Marshal Earl Haig urged British soldiers not to emigrate to such places as Queensland for fear that they would end up "starving". As for the scenario in which immigrant would replace worker departing for the farming boundaries of settlement, stagnation quickly set in. Neither was there any compensatory absorbing activity as the governments were both uninterested in and unable to foster the development of manufacturing industry in competition with southern developments, and mining activity was, in general, beset with difficulties, both economic and physical. Chillagoe, Mt Morgan and Mt Mulligan were perhaps the worst of these.

The failure of the Queensland government to obtain satisfactory loan funding directly affected the plans to open up land for the potentially successful cotton industry. Railway and irrigation developments were arrested, deferred or merely delayed. More importantly, perhaps, the indirect help which might have been offered some small farmers through increased assistance to local works, bridge-building, small-scale irrigation, and so on, was simply not forthcoming. There seems to have been no doubt that Theodore wanted to pursue the Burnett and Dawson Valley schemes as vigorously as possible, but this goal did not prevent his resisting the Federal government's pressure to accept more immigrants until such time as there were funds to assist in settling them. So the whole question of the expansion of agricultural settlement of the State was bound up with developmental funding, for water, for lines, and for people. Railway construction did proceed, of course, but with a definite slowing by 1922-23, and still motivated by local political as well as regional economic considerations. So, with ever limited funding still spent in
inappropriate ways, Queensland conformed to that general picture of irrational economic development in the first quarter of the century depicted by Sinclair, although whether the irony of the relocation of capital formation in favour of the cities in the twenties also held true for Queensland is another question.\(^5\)

Beyond dispute is the picture of the greater viability of the pastoral industries. It was, finally, a peculiar irony indeed that, by the end of 1924, those state enterprises connected with agriculture or smaller-scale food production and supply, the railways and the state hotel, were faring tolerably well. In fact, in some years these enterprises were a success, whilst those that were generating a huge indebtedness were the mines and the state stations, the poor performance of which had by 1924 already sealed the fate of the state enterprises as a whole. This irony lay in the fact that these latter two were connected with industries which then, as later, were to provide the kind of return for large-scale investment by private companies which was ultimately to ensure the success of capital-intensive/labour-extensive activities on the Queensland economic scene.

By suggesting that "what distracted Queenslanders from the creditable achievement of the pastoral industry was the expansion of agricultural production",\(^6\) in this time another writer, Glen Lewis is implicitly denying the direct tension between the two activities, although later the same author states "Through most of the twenties Labor's attitude did not encourage pastoral investment. The 1920 clash, traditional radical labor distrust of the pastoralist, and the increased demand for small agricultural holdings after the war, reinforced the government's anti-pastoral stance."\(^7\)

This posture, vacillating and compromised as it later became, set the government against the most successful economic enterprise of the time — the production of wool — and put it at odds with the less-productive beef industry. This did not hold true for the government's relationships with the big crop industries, although the 'rae-toon' cotton controversy was an obvious exception, and is separately inspected.\(^8\)

In May 1922, just three months before the worst parliamentary crisis of the period and in a year in which conflict over the wage reduction policies of the Theodore government loomed large within the Labor Party, record wool sales occurred in Brisbane.\(^9\) On the fifteenth of the month, Justice McCawley handed down a decision retaining Queensland wage levels in the wool industry, in direct contrast to other states. At the end of the same month, further rental increase decisions were made by the Land Court. Pastoral profits were, in other
words, high at this time, and the government and the law were acting
to ensure that some small margin of this was shared, in stark contrast
to tendencies in other industries within Queensland, and all industries
in other states. It was at this very time, for example, that mining com­
panies in New South Wales were seeking a thirty-three per cent reduc­
tion in miners’ wages.20

Eighteen months later, in January 1924, the Brisbane Courier
reported the “highest values ever known” in an account of the close
of the first half of the 1923–24 wool season.21 In the same year,
however, the reality of the slackened overseas demand for beef was
brought home with the publication of figures showing the drop in
heads slaughtered between the 1917 figures and those of 1923. In 1923,
the cattlemen of the State were exempted in part from the new provi­
sions of the Land Act for precisely this reason, that is, that an unan­
ticipated slump had occurred.

In speaking of the booming pastoral activity, it is clearly necessary
to differentiate wool and beef. But the earlier vitality of the cattle in­
dustry, and its later recovery, cannot be forgotten.22 It was significant
that in the same year that wool showed its highest value ever and (in
November) that a record wheat yield was reported, a statement on the
disappointing rate at which settlers were taking up the Burnett lands
was made.23 In the year in which the final “compromise” of the
Queensland loans crisis was effected, the state’s settlement schemes
and its government enterprises were apparently foundering, in con­
trast to wool, wheat and cotton. But whilst wool, wheat and cotton
were the successful export commodities of the time, it is worth noting
the relative values ascribed to each. In 1924–25, for example, a total
export earnings figure for the State of £14 million comprised £10
million wool, and £4 million for everything else, including butter, beef,
minerals, wheat and cotton.24

The Rockhampton Chamber of Commerce published a report which
in April 1922 was given considerable attention by the Brisbane Courier.
It showed one conclusion unmistakeably.25 During a period of con­
tinuous decline in land settlement, a simultaneous and considerable
increase in wool production occurred. Despite the shouting and the
drum beating, the economic truth of the early twenties was the con­
tinuing success of this high-capital, low–manpower industry.

High capital investment in the twenties, producing as has been
shown, some good return in the area of primary production has been
commented upon by W.A. Sinclair as an essentially contradictory
historical trend. Despite the fact that the movement of capital expen­
diture towards primary producing regions “became an article of faith
in the 1920s, . . . it is in that decade that the trend of capital formation becomes clearly set in favour of the cities''. Further, ''the rise in private investment in primary industry which occurred in that decade was not very important from the perspective of later developments'', this notion being ''consistent with the interpretation of the 1920s as a crucial phase in the eventual supremacy of an urban way of life''.

It is pertinent to observe that work already undertaken on industrial urban infrastructures, underlines the proposition that [in this latter regard held so importantly by Sinclair], Brisbane's development was retarded when compared to Adelaide, and most certainly to Sydney and Melbourne. How much more important then was the ascendency of the wealthy primary producer or affluent pastoral investor in Queensland, on a long term basis, and how much greater was his influence over domestic political affairs for want of an urban rival within the same state political boundaries?

A final point, then, might be made here about the socio-political ramifications of the power of the pastoral investor in Queensland in the twenties, and his relationship to the political machinery. The London money market's direct connections with the conservative parties in Queensland during the period were neither obvious, nor direct, being ''cloaked'' in the ''great discretion'' ascribed to relationships between commerce and industry, and their political representatives by Maurice Duveyer. The possibility of concrete links between grazier capital and the use of money for bribery and defec­tion in the parliamentary crisis of 1922 was something more than distinct. But, as will be later demonstrated, there were troublesome differences between pastoral interests and Opposition politicians in the State. B.D. Graham, in a discussion of the role of ''finance committees'' in non-Labor politics in the second two decades of the century, develops the notion that anti-Labor politicians were chronically torn between their need to capture a middle-class vote which demanded some state regulatory function and state enterprise, and recognition of the arbitration system on the one hand, and the power of their suppliers of funds on the other. The interests of the latter group suggested that these elected representatives support ''laissez-faire economic policies . . . criticizing the arbitration court, and discouraging state controls''.

There is not sufficient detail to investigate the rifts between those such as Philp, Cowley and so on, and the conservative party representation in the Queensland Legislative Assembly and, initially, Council too, over the years 1920–24. But, had the 1922 grab for power in the state legislature succeeded, there would have been no 1924 com-
promise. The evidence is that capitulation to the pastoral lobby would have been automatic and, in all probability, accompanied by retrospective compensation. That the inevitable economic conquest of the pastoralists was denied this political consummation was directly attributable to the transient solidarity of the Parliamentary Labor Party over this issue, a solidarity owing as much to the unifying effects of the nationalist sentiments evoked by the London "blackmail" as to any uniform ideological militance in the face of capitalist power in general.
7 Employment, Wages and Production

Work and Wages

At the beginning of 1920, Queensland's rate of unemployment was, at 8.5 per cent, higher than the national average (5.2 per cent). It was a social problem of sufficient size to occasion demonstrations on the issue, and one was reported in Brisbane on 10 January, months before the embargo was imposed. During the year, the figures climbed and, at the end of 1920, Queensland had more than double the national average (16.3 per cent to 7.8 per cent). In September 1920, during the election campaign which was largely fought on the issue of intervention in the affairs of the "country" by overseas money brokers, the unemployed, whose ranks were swelling, demonstrated again.

It would appear, incidentally, that on occasion, the frequent reportings of unemployed action suggested a certain involvement of opposition political forces. Clearly, it did no political harm to the state Opposition for the Theodore government to be continually harassed by direct action taken by unemployed groups, especially in the continuing strategy of generating the impression of gauche inexperience in public affairs, particularly financial ones.

But, as the graph (Table 2) clearly demonstrates, Queensland's unemployed rate rose radically in 1920. In November 1920, the first news of planned retrenchment in the "civil service" broke and, from that point on, retrenchment of public service employees was a recurring theme in the state's affairs.

In February 1921, after the clear failure of the "home loan", a hint of the future direction of government policy was given by Theodore in a speech which laid the blame for the level of unemployment upon "the artificial conditions which were forced upon the country" whilst he also argued for "care" in applying the basic wage. The premier was actually praised for this speech by the Brisbane Courier. On the eleventh of the same month, Forgan-Smith (at this stage
secretary for Public Works) gave a speech linking the work of the delegation to the current level of unemployment, and the lack of loan funding for relief work was highlighted by the MLA for the Wide Bay district in Maryborough, David Weir.39

It wasn't simply that the government would not fund relief works for unemployed workers however. The political tensions within the labour movement in this period would have been of a smaller order indeed had this been the full size of the problem. But by July 1921, the government was undertaking major retrenchment programs in the railways and public works departments and, in the coming months, other departments were to follow suit.

All this took place in a *national* context of unemployment, with problems being particularly noticeable during 1921 in New South

**Table 2** Unemployment, 1919--1924 (Queensland and Australia)
Wales. In July 1921, during the Queensland government's retrenchment program, there were repeated rallies of unemployed persons in Brisbane, and former Premier Ryan was prominent in debate in the Federal house over the issue in relation to Queensland. When, in the middle of July, yet another deputation saw Theodore, he put the later familiar proposition that people out of work in the nation sought to reside in Queensland for climatic and seasonal occupational reasons.40

Despite the Wall Street loans (October 1921 and January 1922), unemployment was a major election issue in the Paddington by-election of March 1922, occasioned by J.A. Fihelly's appointment to the position of agent-general in London. Indeed, the American finance did little enough to change Queensland's economic course. Basic wage reduction was effected in early February 1922, with the male wage lowered from £4.5.0 to £4.0.0 flat.41 Considerable criticism of the wage levels was nevertheless made by employer groups, who found the female basic rate of £2.1.0 especially unacceptable.42 J.J. Fisher, the Nationalist candidate for Paddington, reduced the greatest social problem of the time to a crude equation describing its root cause. He claimed the Land Act Amendment Act of 1920, alias "Repudiation", had directly generated one of the worst unemployment levels known in Australia. Thus, repudiation meant lack of loan money which meant lack of funds for developmental and relief works, which in turn meant a claimed level of one in five out of work.43

In May 1922, a judgment by Justice McCawley retained the wage levels in the pastoral industry at current levels, despite a national downward trend. Thus, in another irony of the whole affair, the workers in industries whose owners were at loggerheads with the State, were protected from the worst hardships which that conflict inflicted, whereas the employees of the State itself were those most likely to encounter difficulty.

And this, to a moderate degree, many did. In July of 1922, an "anti-reduction" committee had already been formed, soon after news about proposed reductions for public servants in the Lands Department. The Central Executive of the Labor Party was in open conflict with the premier on this issue. However, on 20 July 1922, all wages of public servants, except teachers and police, were reduced. It is worth noting, especially when talking about "hardship", that these wage reductions were perhaps moderate in relation to those experienced by fellow workers in most of the private sector at this time, Justice McCawley and the shearsers notwithstanding. Those hit hardest were those retrenched, and retrenchment continued, as in the case of State Government Insurance Office workers in September 1923.44
The government was careful to be seen as even-handed, and committed where possible to an egalitarian principle in its wage reduction program. Thus, a special Bill for reduction of salaries over £300.0.0 per annum went through the House on 24 August 1922, amid uproar, politicians being amongst those affected. Additionally, there was the Unemployed Worker’s Insurance Act ("Loafer’s Paradise Bill"), the regulations for which were approved on 9 February 1923, which provided for a levy jointly imposed on employee, employer and the State, used to subsidise an allowance for unemployed workers, free rail travel and technical education.

Archbishop Duhig chose, in April 1924, to make a public claim that unemployment in Queensland was not excessive. Figures available later were to prove him right. In 1924, for the first time since the financial embolism started, the state figure was below the national

Table 3 Effective wage rates, 1919–1924 (Queensland and Australia)
average. It must be stated that New South Wales showed an exceptionally high percentage that year, and this pushed the national figure up, but it was also true that the level had fallen continuously in Queensland since the terrible peak of 1920.

Another observation made about the State in the early twenties and readily extrapolated from Commonwealth Yearbook figures (see Table 3), was that effective wages, calculated by dividing combined male and female average weekly earnings by derived purchasing power rates, were consistently higher in Queensland than anywhere else, and were at their relative optimum in 1921, after the major retrenchment programs of that year. So, whilst it was harder to get work in Queensland, once it was obtained, it was likely to pay better, and goods and services to cost less. This was, however, more likely to apply if the

Table 4  Weighted average weekly wage rates (males), 1919–1924 (Queensland and Australia)
worker was also male (see Table 4). Average female weekly earnings did not show quite the same buoyancy.

In a national context then, the standard of living in Queensland for a wage or salary earner appeared a reasonable one. But the pattern of reasonable effective wages in an environment of high unemployment was also recognised in the Depression of the thirties, and arguably, the condition which meant that the State was (marginally, perhaps) less affected in the Depression than "the south", had its origins in the events of 1920.

It is hard to be precise in defining the impact of the embargo on the labour force, standard of living and industrial relations. It must be remembered that it was imposed coincidentally with drought and the dislocating effects of demobilisation. And, for all the latter-day overemphasis given to the argument, Theodore's proposition that a national problem of unemployment would drive people to a more hospitable climate cannot be discounted. Nor can Easton's observation that peculiar problems faced the funding of relief work in the State, as so much seasonal work stopped because of inclement conditions, which in turn prevented the ready deployment by the State of outdoor relief work in those areas at the appropriate time. The issue of retrenchment, contributing to unemployment was, however, a clear outcome of the pastoral lobby's work. The figure in the railways in 1921 was seven per cent. Another product of the embargo was the drying-up of assistance to those works for which local authorities had responsibility. Just before 1920, Loan Fund assistance to local authorities had risen dramatically, doubling in 1919-20 over the 1918-19 figures, and this kind of funding by the State had clearly become important at the very time of the impairment of liquidity. The budget line for "local bodies" went into sharp decline in 1921 and had still not reached former levels in 1924. Unhappiness and deprivation resulted. Moreover, the unions representing government workers were dumbfounded that the government would strike at "their own" people, and were quick to develop conceptions of syndicalist alternatives, especially in the state enterprises.

Not only then, did the work of the citizens' delegation lead to worse unemployment in an already deteriorating situation in Queensland but also, it led to worsening relations between the government and its industrial base. And although one must set against this some relative individual prosperity, there can be little doubt that the embargo resulted in a much worsened situation in relation to jobs.
Production: Mining — the Rush that Sagged Badly

In previous discussion of the primacy of pastoralism, a general conclusion has been drawn about the Queensland economy over the years 1920–24. This was that ironically, the industry (which saw itself antagonised by the state government, and of which the owners were partially responsible for the temporary and "artificial" depressed state of finances), remained buoyant in respect of its most important product (wool). On the other hand, the areas of production which were agricultural, and sustained the hope of closer settlement were less successful, and in the case of one important commodity (cotton), eventually failed.

Mining was a third sector of primary production, important overall in Queensland history (and Australian history) which might in other times have contradicted some of the tendencies evinced by the other two (pastoralism and agriculture). But it happened that this particular episode in the state's history fell between two stools, as it were, of the history of activity and prosperity in the extractive industries. As will be shown, during the twenties, there was a significant and nationwide slump in the mining of those metals which had been in greatest demand and which were readily available in the decade before and during the Great War. The first shock of this registered in 1921. The stricken miners and producers, looking around for other occupations, preceded by one generation, those who flocked to Mt Isa and the central Queensland fossil fuel fields after the Second World War.

At this time, government intervention in mining served to saddle the government with the same kind of liabilities with which it was afflicted following its ventures in pastoral production. In 1921, for example, the failure of the State Mine at Baralaba occurred in June and, in January 1924, the mine closed altogether. The Chillagoe operation showed losses and contributed significantly to the debit figures of the auditor-general's reports on the state enterprises each October.

The mining slump was not peculiar to Queensland. However, slumps in demand for particular metals which were exported by the State as a large proportion of the total national export of that substance, did complicate matters. But as Blainey has pointed out, the problems of gold and copper, in particular, were nationwide. By the 1920s "Gold . . . [which] . . . had vied with wool as the strongest export at the turn of the century. . . . now . . . was passed in turn by wheat, flour, meat, butter . . .". This was due as much to price falls as the drying up of resources at places such as Mt Morgan. But, in the case of copper, a war-related demand [such as that which had existed for beef] dis-
appeared, and prices fell extraordinarily. Generally, "In most years of the 1920s Australia's metals earned barely one-third of the sum they had earned in the triennium 1906–1908."  

The dislocation this meant for Queensland was particularly marked in the north. Gold was as important in Queensland as anywhere else, and the State was the largest producer of war-time copper. Statistics given in the 18th Commonwealth Yearbook show the worst year for production of gold in Australia to be 1923. Queensland's worst year, though, was 1921, when the value of exports was £214,000.0.0 which compared with an annual average for the last decade of the nineteenth century of £2–4 million, and a figure for 1911 of £1,640,323.0.0. Peaks of production varied radically from state to state in the history of gold mining, with 1852 and 1856 being the years of greatest output in New South Wales and Victoria respectively. In Queensland, the peak had been 1900, and the effect of its sharp falling away after the war may have been the more dramatic because of this more relative recency of boom production conditions.  

Queensland and Tasmania were by far the leading copper producers in the twenties. In 1920, the value of Queensland's copper exports was £1.5 million. In 1921 this fell, almost unbelievably, to £168,000.0.0, and figures of this order continued with £321,000.0.0 the value of exports in 1922, and £420,000.0.0 the figure for 1923. No slump as dramatic as the 1921 collapse in Queensland shows in the figures for Tasmania, although Mt Lyell was failing at almost the same time as Mt Morgan, Queensland's richest field.  

Production of silver and lead in the State fluctuated in the early twenties. Again 1921 was the recessive year of the bracket for which figures are supplied. By 1923, Chillagoe was the largest producer of silver, and Queensland's overall value of exports was very similar to Tasmania's. The major slackening in production in New South Wales caused by industrial strife at Broken Hill in 1920 did not lead to any obvious increase in demand and production in these other two states.  

Tin production slumped in Queensland, the third largest producer of this metal in Australia in 1921. Figures for the three years ending in 1921 show the size of this reduction. Herberton was the main field in the State.

Table 5  Tin production (Queensland)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>£143,167.0.0</td>
</tr>
<tr>
<td>1920</td>
<td>£252,054.0.0</td>
</tr>
<tr>
<td>1921</td>
<td>£98,471.0.0</td>
</tr>
</tbody>
</table>
Coal mining showed much greater stability, although 1921 did show a fall in production. No state at this stage had coal production figures anything like New South Wales, but Queensland was the second largest source, with about ten per cent of New South Wales’ value of production. There were significant differences in price levels and movements from one region to another in Queensland, with the State Mine at Baralaba characteristically showing low levels or less-than-average annual price increases. Ipswich was by far the largest and most stable area of production, a fact lending force to Blainey’s overall assertion that the crash in mineral production in the twenties was much more keenly felt in the north.

Employment of those engaged in mineral production underwent steady deterioration in the early twenties, although this varied from one industry to another. Gold, copper and tin mining engaged the energies of fewer people each year, but silver-lead was more stable. Unfortunately, it was also a smaller industry. Incidentally, to be a miner in Queensland was likely to be more hazardous than elsewhere. The *Yearbook* shows figures for proportional fatalities which prove mining to have been a much more dangerous occupation in the twenties in the northern State. These figures were, it must be admitted, inflated by the Mt Mulligan disaster, but figures for the 1916–20 quinquennium established a higher-than-national-average “disaster count” too.

The size of capital required to rescue some mining operations was too great, and the venture too speculative, to consider that the poor condition of the state’s financial resources caused by the loan embargo greatly compounded the effect of the minerals depression. It would appear, in the case of Mt Morgan, that the government was not convinced of the veracity of the company line on the crisis of mid 1921, and felt that appeals for government assistance were based more on a desire to retain good profit margins than a desperate move to keep the venture going.

If the government had not failed in its bid for loan finance, it had been, in any case, committed to the State Iron and Steel Works proposal for the Bowen area, a £3 million investment (a similar cost to the Sydney Harbour Bridge more than a decade later) which would have eroded any capacity to bolster other mining activity on a wide scale.

But the State did assume additional responsibility for mines which were not prospering as private ventures. Again, because of its money worries, it may not have been able to do with these acquired interests what was necessary to restore them to economic production. Certainly, the loans crisis could not have come at a worse time as far as
the mining sector was concerned. Perhaps the early interest in power alcohol manufacture evidenced in 1924 was testimony to the greater predictability of at least some forms of agricultural production.

So gold and copper joined meat in the early twenties, and cotton by the mid decade, as export staples of the day which foundered as source and/or demand dried up. In private and public sectors, mining became quickly depressed, and what little the government could do to help was impeded by its problems in assembling capital. In June 1924, the chief government geologist, Mr B. Dunstan, spoke in rapturous terms of the size of deposits located in the area near Mt Isa. To Theodore, the "significant" finds at the place were small consolation for the general afflictions of the last five years.

Production: The Reaction of Local Business and Manufacturing

Any discussion of this question necessarily gives very sketchy information in two areas of economic activity. One is the detail of local business activity and enterprise, both relative to "adjacent" historical intervals in Queensland's history, and on the Australian scene. The other is the degree of private capital formation in Queensland during the period, again compared to adjacent periods and places. This information may confirm some observations which can be made about the reaction of local business and overseas investors to the crisis.

As soon as the real disadvantages of the embargo were felt, local businessmen, after initially sharing a unity in the pursuit of the embargo and its desired aims, rapidly divided into two camps. The first "camp" was one of unrelenting hostility to the Theodore government, a "hard school" wanting reversal of the Land Act Amendments and retrospective compensation, and linked with the grazier sector and the Country Party. The second "camp" was characterised by anything short of abject repentance for the action. It comprised people from the local entrepreneurial, services and manufacturing sectors, with links with the United Party (Nationalists). The group was keen for a solution, and zestfully supported home loans. Later, it was severely embarrassed by the political crisis of 1922, and finally, apparently totally supported Theodore's renewed quest in 1924.

On the other hand, overseas investors did not suffer through the embargo, and were keen to invest again in 1924. To illustrate the point previously made about the difficulty of obtaining information on private capital formation, Butlin's treatment of the subject is illumin-
Economic Impact of the Loans Embargo

Whilst data on public investment is comprehensive and helpful (e.g., Table 245, p. 399 on "Gross Public Capital Formation"), there is no equivalent table of gross capital formation in the private sector. National tables are given for investment in agricultural machinery, private residential capital formation, investment in manufacturing, commercial buildings, mining, shipping, pastoral investment, and value of changes in livestock numbers, but of these, only one is broken up by state, i.e., new residential capital formation. But this one alone is illuminating. The highest figure shown for this kind of investment in Queensland in the 1920–21 to 1924–25 financial years is £1,956,000.0.0; for South Australia over the same period £3,731,000.0.0; for Western Australia £2,201,000.0.0; for Victoria over £10 million; and for New South Wales over £15 million. Tasmania's highest figure is almost half of Queensland's. Further, the percentage change in investment over the four years shows steady growth for New South Wales (except for a minor downturn in 1923–24), dramatic growth with minor downturns for Victoria in 1923–24 and 1924–25; steady growth for South Australia, and great fluctuation for Western Australia and Queensland, both states exhibiting overall growth rates. Cost of building materials must have been the major explanation for the low Queensland figures. But apart from this, a startling feature of Butlin's tables is the forty-three per cent drop in investment shown in Queensland in 1921–22, a year in which the national average growth was about twenty-seven per cent. Other states fluctuated in other years but, with the exception of Tasmania, none show a decrease in the 1921–22 year as Queensland did. Thus in one major area of private capital investment, Butlin's tables clearly show a drop in activity in Queensland in the first full financial year after the loans embargo.

Another source showing a similar problem in the "private sector" is the report of the Economic Commission on the Basic Wage of 1925. Among various tables printed in the report is one on the "Index of the capacity to pay wages for employees in Queensland". This shows a general rise for each year from the war until 1925, with the exceptions of the years 1919, 1920 and 1922.

Apart from the selective information gleaned from works such as this and Butlin's, what else may be detected about the short-term reaction of local "business" to the affair? It is reasonable to identify, for the purpose of this discussion, at least four politico-economic factions or groupings in the State. These were firstly, the union and worker's movements — rapidly alienated during (if not before) these events from the Theodore government; secondly, the Theodore
ministry and its varying bases of support; thirdly, the local business and manufacturing sector (previously described) on behalf of which group, the *Brisbane Courier* provided an influential mouthpiece, and fourthly, local grazier and pastoral interests with links with overseas investors. Scrutiny of the *Brisbane Courier* as a guide to the sentiments and reactions of the local commercial interests is particularly rewarding over the first eighteen months of the period under investigation.

Thus, on 12 March 1920, the story of the Queensland delegation broke. Much later, the journey to London by Philp, et al., was described as exclusively to make a request regarding the nationality of the next appointed governor of the State. But, during the months after March 1920, there was no doubt publicly about the main purpose of the mission. The *Courier* was quick to disclaim. Thus wrote the paper on 12 March — "... there is no desire to ask the Imperial government ... to do anything to injure the financial credit of the state". But, an important editorial, three days later, earnestly avowed the sentiment that Theodore would be unsuccessful anyway in London, as a successful loan would merely provide more money for Caucus "to burn".

Whilst both the delegation and the premier were in London, there was manifest confusion about the loan issue. On 13 July, Nathan's appointment was announced and the delegation's petitioning of Colonial Secretary Lord Milner appeared to have succeeded. On 17 July, two days before Theodore's farewell was reported, a cabled article mentioned a loan issue being expected shortly. Then Theodore left, after an attack on the pastoral lobby at a dinner, at which Nivison was present. Thus there was never any headline, any story, that the loan issue had failed, just a continuing lack of news that one had been raised.

In late August, for the first time, the *Courier* showed concern at the problem. Any government, it pleaded, might have failed to get money at that time; a far cry from earnestly hoping the premier would fail. Was this turnaround linked to the perception that the embargo was now an electoral liability for the Opposition, as the Labor Party was now able to exploit the nationalist hostility which the ban evoked? Or was the impeding effect of the prohibition becoming more clear to local commerce and industry?

On 3 December, Nathan (the new governor) arrived in Brisbane. Two weeks later he lent his support, along with apparently all significant business groupings in the State, to the £2 million Home Loan appeal. The *Courier's* enthusiasm for the loan knew no bounds as the
deadline for subscription approached in early 1921. It was not just the *Courier* which was behind the Home Loan. Organisation of the enterprise as a whole was entrusted to one Mr Dash, a person with a military background, who became increasingly concerned at the apparent inability of supporters of the conservative side of Queensland politics to realise the importance of getting behind this attempt to raise capital. In this, he had the assistance of Nationalist MLAs. James Maxwell (Toowong) wrote on 7 January 1921 to the Queensland Employers Federation: "I have given my word that Employers will help. Please assist me, and remember failure of the Loan means failure for you." Appeals for this "National" cause were sent to businesses and professions.

But the response was so poor from the corporate sector, that a special drive for private, individual investment was launched. In the last two weeks of January, the banks agreed to lend the capital to clients in order that they could then invest such funds in the loan. But the loan failed, and the *Courier* lapsed into virtual silence in the weeks to follow, raising a relatively enfeebled protest when the Wall Street loans were announced. When, on 19 June 1922, the paper wrote a long obituary of Sir Robert Philp, no mention was made of the role of the delegation in seeking the embargo. It was no longer defensible to associate a distinguished local capitalist with that action. So the indignant ferocity of the opposition to Theodore's mission in 1920, paled to an awkward silence on the role of the "citizen's delegation" in the wake of the economic disorder created by the ban in 1921–23, and by the time of Theodore's return to London, local business was clearly banking on his success, with or without legislative concessions by the government.

So, commercial groupings without obvious links with the pastoral companies were, or perceived themselves to be, under threat from the embargo. There was evidence enough for their fears. The following account appeared in Treasury files in the Queensland State Archives for January 1921.

A leading Brisbane mercer — following a prevalent custom — recently asked a big Southern firm with whom he did business to extended [sic] the term of a promissory note of his that they held. Any such request had hitherto been readily granted, so the Brisbane man was rather taken aback when it was pointed out that the desired accommodation could not be granted this time as the financial credit of Queensland and therefore of Queenslanders was hardly what it might be. And this is far from being an isolated case.

The growing economic insecurity of local business people could well
have been exacerbated by what Lewis has described as the Queensland businessman's ideal of "controlled or collusive competition". "That Queensland's businessmen preferred this kind of competition was a reflection of their weakness in their own community—between 1890 and 1930 only five of the Chamber's [of Commerce] twenty-nine Presidents were in parliament—and of the dependence of the Queensland economy on external sources."^82

B.D. Graham, and B. Schedvin and B. Irving have also characterised the local political opposition as a force made weaker by the differences in economic interest of the groups involved.^83,^84 Whether this disunity would have been as great if the State had had a larger proportion of what Peter Cochrane has called the "dissident capitalists" is an interesting problem. This group, which he also describes as "national manufacturers", are defined as those classes [of manufacturers] "whose objective interests lay in contrast to those of UK and allied capital in Australia".^85 In the twenties, it is argued, the political alienation of manufacturers occurred because the export rural sector took precedence in the business of meeting overseas debt servicing obligations, "reflecting the political hegemony of British capital in Australia".^86

Ultimately the group played a major part in the defeat of the Bruce Page government. Whether such a group could be said to have existed in Queensland is a question linked with the general problem of industrialisation, or the lack of it in the State in the twenties as a whole. If it is accepted in the arguments of McFarlane, Gough, etc. [in Queensland, Industrial Enigma]^87 and other evidence [such as that already drawn from Butlin] that industrial growth, already weaker in Queensland by comparison with other states, was further inhibited in the twenties, for whatever reason, then the size of such a grouping was bound to be small, if not insignificant.

It is now no more than speculation to ask whether, if such a group had existed, it might have dampened the impetuosity of the citizens' delegation. Even a leading Australian pastoralist was apparently sceptical of the action.^88 On the other hand, Hughes, with whom the national manufacturers must be identified, was delighted, although for reasons as connected with Federal–state financial relations as with simple glee at the crushing of the Theodore government's programs.^89 It is clear that after the embargo was announced, the interests of Queensland commerce and industry behaved in a way suggesting that they perceived threats to their welfare.

Any argument, however, that in the overall pattern of the non-industrialisation of the Queensland economy, the prohibition of the
Economic Impact of the Loans Embargo

City was decisive, is more difficult. Other, deeper factors were at work in the economic development of the State. Certainly, lack of public liquidity may have had minor arresting tendencies with respect to industrial development initiated by local private capital, but no more than that can be said. Apart from the moratorium on investment in public loans to the government of Queensland, no other overall investment slump was in evidence. The most direct outcome, which was indeed a body blow to industrialisation, was the abandonment by the state government of the State Iron and Steel Works for the Bowen area. It was in this area of the use of public money for projects in the development of the State by the government that the importance of the ban was felt.

Production: Irrigation and Immigration

Since the extension of the agrarian frontier was as much an article of faith for the Theodore government as for any of its predecessors or successors, and because this grand process required a stream of European immigrants whose ability to take up land rested upon the availability of:

- firstly, appropriate parcels of the soil itself,
- secondly, water and
- thirdly, transport,

and because in turn, the latter two of these required capital investment and expenditure by the State, the impact of the 1920s' loans affair on this area of activity in Queensland was considerable.

Dam building and irrigation projects were integral to major rural developmental undertakings such as the Dawson and Burnett Valley schemes; schemes to which much planning effort had been devoted by the time of the embargo. Likewise, railway construction and certain other public works, such as bridge building, were basic to any program of opening up land for closer settlement.

In January 1921, six months after his failure in London, the premier became embroiled in a public dispute with Prime Minister Hughes over certain immigration problems peculiar to Queensland. After being involved in discussions on immigration, Theodore declared that the state's quota of post-war immigration could only be met if the finance to build railways to open up land was available.

By May of the same year, the government (after the poor performance of the Home Loan) adopted a posture of "no immigration" and on 13 May, reports of Theodore's concern that the Burnett land settle-
ment scheme had been retarded by the immigration stalemate appeared in the *Brisbane Courier*.

The question of immigration dominated the Premiers’ Conference in January 1922. Later in the same month, the dispute between Hughes and Theodore surfaced again, with the charge from Hughes that the Queensland government had been remiss in not supplying details of a proposed scheme for immigrants to take up land, and the countercharge from Theodore that Queensland Nationalist MHRs were involved in the blocking of Commonwealth aid to Queensland for the Burnett land scheme, presumably for reasons of simple obstruction. In March 1922, cotton, land and immigration were directly linked to the need for Commonwealth assistance by Theodore in another publicly-released item of correspondence between him and Hughes.

Striking evidence of the inadequacy of the amounts raised in Wall Street loans was given by the inability of the government to respond any further to requests for local authority developmental works assistance in October 1923. Although in the same month, the Dawson Valley project was announced, figures showing a fifty-three per cent decline in land selection over the 1914–22 period were indications of the destiny of the closer settlement vision. By early 1924, at the time that Theodore was negotiating the new London loan, application rates for the taking-up of Burnett lands were already being described as “disappointing”, and the contemporaneous “ratoon controversy”, centred on the Dawson Valley, did nothing for the morale of settlers.

Thus, over this period of four and a half years, lack of loan funding was consistently blamed for the inability of the government to proceed as dynamically with its migration and settlement schemes as its rhetoric on the subjects might have implied. The issue was further complicated by the particularly strong emphasis given by both liberals and Labor government supporters (but no more so than by Theodore) to the question of attracting an Anglo-Saxon population to the north of Australia as a whole. At a time when the preoccupation with filling the empty spaces of the north was a national one, Theodore’s occasional public statements on the question attracted considerable attention. Each statement referred either negatively to southern or non-European threats to the north (either by a slow insidious populating process or the spectre of invasion), or positively to the requirement for exclusive Anglo-Saxon settlement. By and large, however, this issue was divorced from the more immediate difficulty of opening up land in the centre and south of the State for closer white
settlement in areas requiring extensive water conservation projects.

Water and railways, the two essential prerequisites of the government's ambitions for a large rural population, were also the greatest absorbers of capital. Harris has shown that where local authorities had responsibility for water provision, they consistently ran a losing enterprise. Of the £2 million raised in the Home Loan of early 1921, half was immediately accounted for by the railways, leaving little enough for public works as a whole, let alone relief work. By the end of the embargo period, new railway development was arrested and this, together with the subsequently emerging evidence of the irrational location of some of the earlier construction, marked the beginning of a long stagnant period of consistent loss of revenue, symbolising (perhaps more than any state enterprise) "the failure of public enterprise in Queensland" by the 1940s.

Over the period 1920–24, difficulties were faced in Queensland in terms of migration policy. Some of these were shared with other states (like the general debacle of soldier settlement), but others were specifically related to state finance. It has been remarked that Queensland had, since the nineteenth century, experienced a relative difficulty in attracting and then retaining migrants. This continuing trend, together with the fiercely ethnocentric policies and pronouncements of successive governments can only have been exacerbated by the loans embargo.

This tendency strained relations between Federal and state governments. Already antagonistic politically (this antagonism having reached the proportions of direct confrontation between their respective military and civil authorities in 1917), there were continuing ructions over Queensland's inability to absorb migrants. It was an irony of the affair that Hughes, who so welcomed the embargo (because, apart from gratifying any hostility he had towards the state Labor government, it also served ambitions the Commonwealth government had in the centralisation of state loan funding arrangements), had it served up to him every time he raised the issue of migration.

Another immediate effect of the financial shortfall was that those areas requiring the greatest assurance of migrant intake and settlement, were precisely those bearing the greatest agrarian promise of the time — cotton. If the Queensland dream was its agrarian future, and if the popular basis for this romance in the 1920s was the growth of cotton cultivation, then the loans embargo could not have hit harder at any agricultural prospect in the State, for few other crops depended
so utterly on the success of the capital intensive water conservation and rail-building projects.

Thus, whilst the overall feasibility of the agrarian vision of the Queensland economy must remain, in general, dubious, the actions of the London pastoral lobby could be seen as dealing a major blow to that area of economic activity most likely to sustain such a vision. Queensland's future as a capital intensive, land extensive economic region is, with hindsight, clear after 1924, and lower labour requirements are a part of this pattern. The relatively retarded intake of migrants after the Second World War had, as established precedent, the events of 1920-24.

Production: Agriculture

Of the crops (apart from cotton) grown over the period, sugar and bananas showed a consistent increase in the area of cultivation. Very little sugar was actually exported in 1924 (the value of sugar exports, in fact, being only a little over half the value of cotton), but 1925 figures show exports to Great Britain which did not occur in 1924, giving a value of £2 million, or about one sixth of the value of wool exported in the same year. In July 1922, the Federal government had announced a reduction in the domestic price of sugar from six pence to five pence per pound. For the next twelve months, including the period during which the new Prime Minister Bruce toured the State, Queensland millers, growers, investors and Theodore united in exerting what pressure was available to them to counteract the decision and seek its reversal. Their failure was attributable directly to the power and success of the national lobby on sugar prices; not any lack of accord between the Labor government and the sugar industry.

Smaller crops with fluctuating areas of land given over to them included potatoes, pineapples and tobacco. Maize and wheat cultivation, much greater in scale, also fluctuated over the 1920-24 period. Indeed, in one year (1923-24) the acreage accounted for by wheat growing more than trebled, although export earnings were negligible that year. The outstanding blunder of the otherwise profitable State Produce Agency was its unwise purchase of wheat during the 1920-21 financial year, and wheat production was less successful than that of maize, the export value of which reached almost half a million pounds by 1925.

Notable crop failures during this time associated with soldier settlement varied from those which, in overall terms, were doing fairly well
(such as maize), to those the fortunes of which on a state-wide basis were disappointing (such as pineapples). Near Brisbane, the Coominya experiment in vineyard and citrus orchards failed by August 1923, but in the Boyne Valley, almost simultaneously, came one of the few reports of soldier settlement success at an agrarian venture, the Ubobo vegetable-growing settlement.\textsuperscript{111}

Writing on "Agriculture" in the 1915–29 period, Diana Shogren has stated that in Queensland, the government addressed itself much more to the question of rural instability than elsewhere in Australia, earning in so doing, support amongst sugar growers and small farmers.\textsuperscript{112} In terms of electoral balance, there may indeed have been strong evidence for that assertion, but the question of enlisting the support of the farmers was not a simple one, as Theodore was to discover. There is also a contrary view that the Labor government simply did what was absolutely necessary in agricultural policy, regulating to some degree an almost chaotic system of distribution.\textsuperscript{113} In the parliamentary crisis of 1922, it emerged that one political alternative to the existing status quo was an alliance between the "right" of the Australian Labor Party and farming interests. What Shogren's summation omits, and what Theodore and Gillies themselves apparently declined to come satisfactorily to terms with, was ratoon cotton.

In October 1922, Theodore suggested to the unquestionably enthusiastic British cotton delegation that what was needed now, was only the "men, money, and friendly co-operation of the British authorities", for the cotton-growing future of the State which the delegation envisaged.\textsuperscript{114} Money and men the government did not get, and "co-operation" of the kind Theodore suggested came hesitantly and later. The withholding of these things was largely responsible for the apparent decline in the government's commitment to this most dynamic of its agrarian frontiers.

\textit{Crop Statistics}\textsuperscript{115}

The following tables show figures for acreage under cultivation in respect of particular crops over the years 1920–24. The first group (Table 6) shows either fluctuation or no or little growth over the period. The second group (Table 7) shows considerable growth. The third (Table 8) pertains to cotton.
Table 6  Acres under cultivation [wheat, potatoes, tobacco, pineapples] — Queensland

<table>
<thead>
<tr>
<th>Year</th>
<th>Wheat</th>
<th>Potatoes</th>
<th>Tobacco</th>
<th>Pineapples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>177,320</td>
<td>8,770</td>
<td>228</td>
<td>3,909</td>
</tr>
<tr>
<td>1921</td>
<td>164,670</td>
<td>9,553</td>
<td>198</td>
<td>3,956</td>
</tr>
<tr>
<td>1922</td>
<td>145,692</td>
<td>7,649</td>
<td>179</td>
<td>4,195</td>
</tr>
<tr>
<td>1923</td>
<td>51,149</td>
<td>6,127</td>
<td>276</td>
<td>3,925</td>
</tr>
<tr>
<td>1924</td>
<td>189,145</td>
<td>9,493</td>
<td>166</td>
<td>3,709</td>
</tr>
</tbody>
</table>

Table 7  Acres under cultivation [maize, sugar, bananas] — Queensland

<table>
<thead>
<tr>
<th>Year</th>
<th>Maize</th>
<th>Sugar</th>
<th>Bananas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>115,805</td>
<td>162,619</td>
<td>8,981</td>
</tr>
<tr>
<td>1921</td>
<td>135,034</td>
<td>184,513</td>
<td>9,873</td>
</tr>
<tr>
<td>1922</td>
<td>149,048</td>
<td>202,303</td>
<td>10,797</td>
</tr>
<tr>
<td>1923</td>
<td>120,092</td>
<td>219,965</td>
<td>11,668</td>
</tr>
<tr>
<td>1924</td>
<td>229,160</td>
<td>253,519</td>
<td>13,491</td>
</tr>
</tbody>
</table>

Table 8  Acres under cultivation [cotton] — Queensland

<table>
<thead>
<tr>
<th>Year</th>
<th>Cotton</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>14,674</td>
</tr>
<tr>
<td>1911</td>
<td>605</td>
</tr>
<tr>
<td>1920</td>
<td>166</td>
</tr>
<tr>
<td>1921</td>
<td>2,802</td>
</tr>
<tr>
<td>1922</td>
<td>37,411</td>
</tr>
<tr>
<td>1923</td>
<td>74,524</td>
</tr>
<tr>
<td>1924</td>
<td>82,174</td>
</tr>
<tr>
<td>1925</td>
<td>53,363</td>
</tr>
</tbody>
</table>
On 4 July 1922, Australia's first unicameral legislature was opened by the governor of Queensland, Sir Matthew Nathan. The keynote in his speech was one thing — cotton, cotton and the Dawson and Burnett Valley land schemes. Some insight into the thinking of the time on cotton is afforded by looking at one or two claims made on behalf of the crop by advocates of its cultivation in Australia.

Cotton culture is the one thing to bring Australia abreast with the nations (Pantheon); ... Australia has more land suitable for cotton-growing than any other country; ... Australia has four times the area suitable for cotton-growing that the United States has; ... The best thing Australians can do for the Empire is to grow cotton for it (Britisher); ... Cotton, the most useful plant in the world, should be grown in every Australian garden.

In fact, cotton cultivation had grown in Queensland over the decade 1860–70 (i.e., the American Civil War "famine" period) from fourteen acres under crop in 1860 to 14,674 acres in 1870. But this latter area was to be the peak of planting until 1922, for, from 1893 to that year, the greatest acreage under crop was in 1911, when 605 acres were so cultivated. From 1920, however, the picture was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Acreage cultivated</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td>1921</td>
<td>2,802</td>
<td>1,587</td>
</tr>
<tr>
<td>1922</td>
<td>37,411</td>
<td>1,235</td>
</tr>
<tr>
<td>1923</td>
<td>74,524</td>
<td>99</td>
</tr>
<tr>
<td>1924</td>
<td>82,174</td>
<td>10</td>
</tr>
</tbody>
</table>
This phenomenal growth was completely without equal in any other area of primary production during the period. It showed an average annual increase of approximately 733 per cent.

The number of sheep grazing over the same period showed an annual average increase of 2.5 per cent, with actual drops in two of the four years. On this basis, the apparently extravagant claim that the Australian cotton crop could one day reach a value of £100,000,000 (whereas wool had more or less stabilised at £20,000,000), did not seem so wide of the mark. But despite its staggering increase in production, the value "to Queensland" of cotton as an export crop in 1924 was £263,446.0.0, whilst wool stood at an all-time high of £10,159,014.0.0, with both beef and butter exports worth more than a million pounds each, and the total value of exports for that year being £14,628,305. Thus, for 1924, wool represented 69.45 per cent of export earnings, cotton, 1.81 per cent. The salient feature to contemporaries however, was not its gross share of the export market, but the fact that the crop had grown in importance so markedly, and this coincided with continuing commercial interest in, and government sponsorship of, cotton growing and ambitious closer land settlement schemes which assumed that cotton would be the final result of land alienation and clearing.

It was against this background then, that the ratoon cotton controversy of 1922–24 arose. Ratoon cotton was cotton grown from plants cut down but not removed from the soil. The word itself, of Spanish origin, originally applied to a second annual sprout of sugar cane from a cut-down shoot. In the case of cotton, the word was also thought to apply to the ability of the plant to physically retain its yield, months after it was ready for picking. However, a scrutiny of the debate shows that this was a misconception. The economic advantages of this practice to small farmers was obvious. The disquiet about it arose from conflicting opinions and accounts about the quality of the ratoon fibre, its susceptibility to pests, and its acceptability to the mills of Lancashire. On this, as in other areas of agricultural enterprise, the Queensland government was expected to pass judgment quickly and assist growers accordingly. Its relationship with the cotton grower (in whom signally reposed its commitment to the expansion of the agrarian frontier), was permanently damaged by the prevarication and indecision of 1923 and 1924.

The government, prior to July 1924, had instructed growers to destroy ratoon crops. Some complied. Those who didn't resisted vociferously. In the five years from 1920–24, this was probably the most militant and certainly the most successful revolt of a group
involved in production. The government capitulated on 20 July. Ratoon crops were accepted for sale.\textsuperscript{122} By an extraordinary decision, however, compliant producers who had destroyed crops were not to be compensated. How many of these turned away from cotton production in the following year, and from then on, is not known, but it would partly account for the noticeable contraction in the area of land under cultivation in 1925. In twelve months, acres growing cotton fell from 82,174 to 53,363, a reduction of thirty-five per cent.\textsuperscript{123} At a single blow, the government damaged its credibility and its standing with the farmer in real terms more dramatically than in any of the insinuations made about its image with the pastoralist as a "repudiatory" body in the conservative press in London or Brisbane. Shortage of money for compensation, and for further intervention in marketing was one factor in this damning action.

The decision to grow cotton did not bind the farmer to the crop for years, as with other agricultural ventures. It was relatively simple once land was taken up and provided with water and transport, to discard cotton in favour of other crops. Thus, any threat to the economic security of the grower which seemed to be crop-related, impelled the grower to change crops. Considering the promotions, the effort, the hopes, the decisions on irrigation and railway construction primarily motivated by the vision of the "country", as either a great cotton producer for the Empire or a developing egalitarian agrarian community of rural workers with its wealth based on cotton, the ratoon controversy wrought inestimable damage. With funds available to reassure the industry and compensate the grower, the fall-off in production may well have been arrested. But by 1924, finance for this kind of assistance was, for the time, a thing of the past.

Few issues demonstrated the wavering inability of the government to proceed with a plan to set up an industry and stabilise production more than this one. It was in the 1923 and 1924 parliaments that the crisis in the establishment and control of the industry was acted out. No other matter, save the loans embargo itself, received as much the attention of members. For some considerable time, cotton had been linked in the minds of many as the most important crop in conceptions of closer white settlement. In the period before 1923, the government had been preoccupied with irrigation and land alienation schemes designed to attract settlers, and with respect to cotton, some thought was given to problems of marketing.\textsuperscript{124} In this, the major question was whether it was ever intended to set up a cotton-manufacturing industry or not. In the absence of any determination of this, the question of the British
market was paramount to the continuing success of the primary industry. It was demand from "home" which had produced the extraordinary growth from 1920–23 of the acreage under cultivation in Queensland. This was due, in no small measure, to a boll-worm pest which had afflicted the American crop. For people concerned with the industry, the major issue by 1923 was the likely permanence of the demand for Australian cotton in view of high shipping costs and the probable recovery of American cotton. The long-term solution would seem to have been the establishment of an Australian manufacturing industry, but this seldom appeared in debates on the question.

Briefly, the arguments in favour of ratoon cotton were that cultivation and maintenance of the crop were simpler, much cheaper, and free from the worry of complete crop failure. Naturally, this appealed to the short-term interests of individual growers. The smaller the grower, the more appealing the practice of ratooning. The argument against, ran that ratoon products were unacceptable to many manufacturers, and Queensland would lose its principal market in the mid to long term.

In 1923, the Queensland government decided, in the interests of the proponents of the latter case, to legislate against ratooning. Gillies, secretary for Agriculture, and now clearly the senior minister after Theodore, made a major policy speech in the Assembly in introducing the second reading of the Cotton Industry Bill. The plan was to acquire the crop at five and a half pence per pound, provided that that crop was of annual (i.e., freshly-planted) cotton. A group of British manufacturers and representatives of "cotton interests" had, with great fanfare, recently toured the State, and to one of these, Crompton Wood, Gillies turned as an authority on the reception in Britain of ratooned cotton. Crompton Wood's advice, really amounting to pressure from proprietary interests, was contradicted by that of the Council of Agriculture, acting for certain regional interests, of which one of the most vocal was the Rockhampton District Council of Agriculture. The fiercest parliamentary protagonists of ratooning were invariably the members for Burnett, B.N. Corser (Country Party) and Normanby, J.C. Peterson (no party), both central Queensland electorates. But the strongest ally of the government in its attempt to prohibit ratooning was the Nationalist member for Oxley, A.C. Elphinstone. It was Elphinstone who pointed out the irony in the government's acting at the direction of British importing interests in legislating for Queensland agriculture. In the latter stages of the debate on the Bill, there emerged a clear difference between Nationalists and Country Party, and it was one occasion, when on agricultural
policy, the Labor Party and Nationalist Party were allies against the Country Party.

At the eleventh hour, before the legislation was passed, Gillies was host to a delegation of cotton growers and advisers. An extensive transcript of the long meeting held between Gillies and the delegation survives in the Queensland State Archives. The meeting started at 11 a.m. on Wednesday 15 August 1923, and continued well into that evening. Waiting on Gillies were Council of Agriculture representatives [including Lewis McGregor] and growers from the districts of central Queensland, Bundaberg, Fassifern/Brisbane Valleys, Lockyer/Rosewood, the Dalma Scrub area, and the Western Downs.

A recurrent theme in the pro-ratoon argument was the observation that in its opposition to ratooning, the government was aiding and abetting a British monopoly against the interests of little and poor young growers. 127

The other points in favour of the ratoon case included; that it was the only hope of a drylands harvest for small soldier settlers, who, without its promise would not clear land; that it supported mixed farming enterprises; that, against charges that it would breed pests and provide spinning problems (due to the length of the staple), proper care would prevent these occurring; and finally, that prohibition against ratooning would simply not be enforceable.

Against this, the minister was given advice; that ratooning would lead to an unacceptable level of pest infestation; that irregular staple length would depress prices; that the loss of reputation for good annual cotton would yield too much ground to competitors such as Egypt; and that the amount invested so far would simply be wasted by such a move.

One of the more sophisticated advocates of the ratooning position appears to have been Daniel Jones, whose initial point in the arguments which raged on that Wednesday was that, amongst other things, the British cotton delegation had displayed ignorance, mistaking “ratoon” for “standover” and “bolly” cotton in its pronunciation on the subject. [Standover cotton was cotton which simply wasn’t picked when it could be; and “bolly” was the term applied to the smaller and generally more imperfect bolls at the top of the plant, not normally harvested.] The marvellous crop of 1922, he claimed, was fifty per cent ratoon. Jones lamented the fact that the industry was so young at this juncture of government intervention. “It is a great pity the Labor Government were not in 20 years ago; we would have established the cotton industry. It would have been out of the hands of any monopoly.” 128
Against this, Gillies pleaded that there had been no Council of Agriculture at the time that the agreement was signed with the British Cotton Growing Association, and there had been no alternative other than to spend large sums of money on the erection of State Ginneries, which was not an available option. Clearly the existence of local ginnery and manufacturing facilities would have greatly reduced the arguments against ratooning, as the government could well have opted to accept ratoon fibre in a manufacturing enterprise under its control.

Late in the day, Gillies left the delegation unpersuaded. A misunderstanding of the Council of Agriculture's formal position (against the legislation) complicated matters. Lewis McGregor appeared to have given Gillies the wrong impression on its stance. Division in the Council, and the fact that its real position seemed unclear did not assist the pro-ratoon cause. The legislation went through.

But, at the opening of the 1924 session, Governor Nathan served notice of an approaching reversal of the 1923 cotton legislation. The government was to reneg. Early in the proceedings, Gillies attempted to defend the reversal. His task was unpalatable, his performance unconvincing. At one stage, he resorted to asking for notice of a question on cotton, a very rare response from a government member at that time. Adding feeling to the problem was the fact that many cotton growers had complied with the prohibition requirement of the previous Bill and had destroyed crops accordingly. Now, with the foreshadowed amendment, these cooperating parties were not to be compensated and their fellows who had persisted in ratooning were vindicated and gained economic advantage at the same time. This point was remorselessly hammered by the Country Party. Gillies offered no defence other than to say: "It is not the practice in any part of the British Empire to compensate people for obeying the laws, notwithstanding that some persons may secure a benefit and escape punishment by disobeying them."

During the Supply debates (on the Department of Agriculture) it became evident that the government proposed to lift the ban on ratoon, with the intention that the product would be kept away from "seed" cotton, so that its fate on the market might in future be more readily discerned. But this must have been a futile hope, as one of the evident difficulties had arisen because of the practice of mixing "seed" and ratoon cotton.

In October 1924, the second reading of the Cotton Industry Amendment Act got underway. It remains, even from a most careful scrutiny of the debates, quite unclear why the government had chosen to reverse its policy, other than as a response to pressure from "ratoon-
ing" farmers. Elphinstone was most articulate on the need for a sensible policy, and although cheered on by the secretary for Agriculture, his urging produced no results.

The outstanding question of importance seems to be whether we are simply going to repeat Queensland's experience of years ago, and take advantage of the temporary shortage of cotton, as was the case during the American Civil War, when conditions there absolutely dislocated the supply of cotton to the world, and which gave us the opportunity of entering the field as a serious cotton grower, or whether we are going to frame a policy that will establish us in the world as a permanent cotton growing country. Are we going to face the facts fearlessly and appreciate that it is only by growing the highest quality of cotton that we can maintain our position as a cotton-growing country?

Well, the facts were not fearlessly faced, and 1924 was the peak year of cultivation. From then on, production dropped. H.L. Hartley (Fitzroy) had claimed that the ratooning farmer was often the larger land-holder, because greater acreage was required to produce the same weight, so that not only was the government in its reversed policy alienating compliant farmers, but moreover, it was likely that these people were also the small land-holders. In later years, although the ratoon legislation remained unamended, ratooning ceased as its association with pests was confirmed.

Those who, in the labour movement, doubted the wisdom or the virtue of the alliance with the farmers which marked Labor policy at this time, and to which Labor leaders attributed some success electorally, now witnessed great damage to that association. Much has been written about the widening gulf between the "industrial wing" and the State Labor Party in the 1920s, and to that particular cleavage should be added the story of the alienation of the small land-holder so vividly represented in the debates of the state parliaments of 1923 and 1924.

Gillies did not, at least in the Assembly, point to lack of funding as a specific cause for the failure to pay compensation to cotton growers. But, there can be no doubt that the restriction on money from 1920-24, and the new impairments to the use of loan funding referred to by Theodore, had prevented the government from contemplating larger-scale assistance to the industry, including the establishment of mills, in its critical time of expansion.
Glen Lewis, in "Queensland Nationalism and Australian Capitalism", a thirty-three page contribution to Wheelwright and Buckley's *Political Economy of Australian Capitalism*, addresses himself to the question of state enterprises in the following brief sentence. "Conservatives were outraged by the state enterprises, but by the late 1920s Labor had lost interest in that area..."\(^{137}\)

Unfortunately, it would seem that it was not simply the Labor governments of the time who lost interest, but also subsequent writers and commentators. Many of the accounts of this phase of Queensland's development refer to the establishment of the enterprises, but are hazy about their demise.

Indeed, the most substantial discussion of them has concerned the motives for their establishment. Murphy\(^ {138}\) has suggested that it was in the interests of both the conservative opposition and the Ryan and Theodore governments to publicly misconstrue the activity of setting up the enterprises as the onward march of socialism, the former to fuel the flames of the public fear of an amateurish tinkering with hallowed social laws (prompted, of course, by a lust for change with a distinctly Bolshevik tinge to it), and the latter to dissipate the gradually accumulating disquiet among some supporters that the Parliamentary Party might be less than zealous in its pursuit of all the planks of the platform.

Retrospective explanations of the establishment of the enterprises explicitly or implicitly suggest:

(a) that the enterprises were a genuine attempt to alter, permanently, the economic status quo, either as an end in itself or as part of some more obscure, future socialist design;

or (b) that they were a cynical exercise in containment of pressures for more vigorous action against capital;
or (c) that they were a pragmatic exercise with specific limited objectives, such as the protection of the consumer from price rises;

or (d) that they were a form of state paternalism, evidenced by the discretionary location of some of them in Labor electorates.

It is difficult not to grant the possibility that on some genuine level, members of the PLP, in the early inception of these activities, did not in fact have some vision of their establishment assisting the erosion of the power of capital, especially those of some size like the projected steel works at Bowen. But speculation on the real motives for their commencement is only partly relevant to this discussion. What is significant is that in the period from 1920–24, there appears to have occurred a definite shift, if not within State Caucus as a whole, then within the ministry, in attitude to the state enterprises. The waning of apparent enthusiasm for these projects is the more remarkable when it is discovered that with one notable exception, the enterprises were financially quite viable by 1924, and that although they appear to slip from view in the later twenties, are not wound up until the change of government in 1929. Despite a consistent campaign against state enterprises by the *Brisbane Courier*, revolving around the auditor-general’s reports of losses being sustained year after year, that paper reported in October 1924 that profits had been made by four of the seven enterprises dealt with in the report. 139 Only three, the State Cannery, the Fisheries and State Stations showed a loss. Of these, of course, the last was critical, not just in this year but in others. C.A. Bernays 140 showed that both the Fisheries and the Cannery had become profit-making concerns in the 1925 period. The State Hotel at Babinda and the Railway Refreshment Rooms showed consistent profits throughout the period of their operations. The losses were made in those enterprises (mines and smelters, and cattle stations), involved in the production of export commodities.

There was certainly no domestic economic disaster to precipitate Agriculture Minister Gillies’ call in September 1924 for “no more State Enterprises”. 141 The explanation for the wan official attitude must lie in reaction to events earlier. Writing of the period directly after the 1920 embargo, E.M. Higgins remarked, “This marks the end of the period in which supporters could believe that there was no serious obstacle to the realisation of the Labor objective and emphasized that private economic power was able to paralyse the Government programme.” 142

This suggestion of a gradual notional shift explains the withdrawal of support for the enterprises in terms other than their financial respec-
tability or alleged lack of it. It is certainly more acceptable than Bernays' rather ingenuous proposition that they failed principally through the exploitative attitudes of their employees and Murphy's somewhat indistinct references to 'lack of talent' and administrative pressures in the government. When examining their supposed 'failure', it is important to look at specific enterprises. It emerges that the overall profit-and-loss accounts of the enterprises were determined by the continuing insolvency of one particular venture, and periodic troubles with another group; the former being the State Stations, the latter the Mines and Smelters. A single year's loss on the stations would typically equal ten times the largest profit-or-loss figures shown on other enterprises. In 1924, for example, the largest profit shown on an enterprise was £13,479.6.1, realised from the Railway Refreshment Rooms; the largest loss, apart from Stations, was the Cannery showing £9,513.1.2. The loss figure for State Stations was £101,971.1.2, a figure equivalent to ten per cent of loan monies available (except for railways) for assistance after the Wall Street loan.

Except for its initial operation during the war, State Stations showed a loss of this kind each year, totally altering the balance when added to tallies for the other enterprises. In the 1917-18 financial year, the stations showed a profit of £113,239.1.8. This fact alone could well have led to unrealistic expectations about their future profitability, expectations shared by beef producers at large. But it is also interesting to note Childe's claim that as early as 1919, Caucus was passing resolutions, subsequently ignored by the ministry, forbidding further expenditure on State Stations, possibly for ideological reasons. State PLP Caucus minutes also reveal that the issue was prominent in debate within Caucus in early 1920.

If there was an economic pattern to the success or otherwise of the labour ventures in production, then it would seem to indicate that those enterprises associated with service or supply of commodities for domestic consumption (butchers, vegetable produce, refreshment rooms, hotel) were successful, and those connected with attempts to produce exports were not. Of course, production of these exports was very much the domain of capital intensive ventures financed by British capital. So, in the area where it competed with the interests of capital, the state enterprise 'experiment' failed. Where it did not, it by-and-large succeeded, and was still doing well when the programs were scrapped wholesale by the Moore government. The State Trade Office report for 1924 stated inter alia 'There has been a distinct improvement in each Enterprise last year, as compared with the previous
year — viz., on the six Enterprises other than Stations, a loss in 1922-23 of £19,211.6.5 has been converted into a profit of £16,280.3.5 — an improvement of £35,491.9.10, whilst the deficit in Stations has been reduced by £70,490.3.4 making a total improvement of £105,981.13.2."

But the year 1924 ironically saw the hardening resolve of the ministry to abandon even token attempts to compete economically with those whose interests had made life so financially difficult for the Queensland government four years before. "These intervening years [wrote Childe], had ‘been a period of disillusionment both to the proletariat of Queensland and to Mr Theodore’. The lack of loan monies at once ruled out any ‘extension of the industrial and economic functions of the State’ on lines which should on Australian theory pave the way to ‘Socialism’."

Thus, in Eggleston's words, "if a Socialist State seeks to realise its objectives it must rely on its own resources for money". This was the bitter pill swallowed by the government and its supporters in the early twenties. It was finally a teaching Theodore was not to forget, and on more than one occasion in 1923 and 1924, statements of his to the effect that Federal governments must obtain better control of banking, appeared to reflect a realisation that only on a nationally coordinated basis could such problems with funds be averted.
In March 1920, the *Queensland Government Mining Journal* reported as follows:

On the 18th February it was announced by the Premier (Hon. E.G. Theodore) that the Queensland Cabinet, after having given full consideration to all the facts bearing upon the question, had decided on Bowen as the site for the proposed State Iron and Steel Works, that an early start would be made with the preparation of the ground and the ordering of the requisite machinery, and that it was hoped the erection of the works would be undertaken without further delay.\(^{153}\)

This huge project for a State Iron and Steel Works was already receiving funds for preparatory research before 1920, and continued to do so until 1923 when the budget line finally disappeared from the Treasurer's Estimates of Expenditure from the Loan Fund account.\(^{154}\) It also sustained ongoing attention in the Caucus well into 1922,\(^{155}\) and of all loan-funded ventures, appeared to have been at once both the most cherished and the one directly knocked out by the Lobby's action. It is examined here in greater detail as its projected size was a clear indication of the scope of the government's ambition.

An archival file held in the Premier's Department\(^{156}\) shows that the selection of Bowen had come relatively late in the preparation for the scheme, which had its inception with a Royal commission in 1918, and a defeated Bill in 1917. The Bill was defeated, like so many others, because Council had returned it to the Assembly with unacceptable amendments. Given that the Ryan government had already introduced most state enterprises without putting each up for legislative approval, the State Iron and Steel Works Bill was unusual. It would appear that the massive size of the undertaking prompted Ryan to seek its debate and endorsement in the parliament. Indeed, in the Lower House, the Bill did attract strong bipartisan support, passing its second reading in October 1917 by a vote of thirty-one to five.\(^{157}\) The conser-


服役议员Albert, J.G. Appel, 表达了许多人对他的支持，他在下议院说：“考虑到这一点，这可能比政府迄今为止提出的任何其他立法都更为重要。今天，比以往任何时候都更重要的是，钢铁的制造将使任何拥有必要的铁和熔剂的国家在世界上处于领先地位。”

此外，这种支持还得到了明确的承认，即该企业应由政府资助，这是一个非凡的哲学，Messrs Appel, Corser et al. 公开在那些时代予以支持。然而，下议院中有那些反对该法案的人，比如Rankin (Burrum)，他认为建立州级钢铁工业是一个失败的决定，因为昆士兰州永远没有希望出口这种商品。「我们永远不会成为糖出口国」。159 同意Rankin的人具有足够的力量在委员会中击败该法案，并在1917年12月5日，以18比11的投票结果，使该法案成为一项立法措施。

“根据官方数据”，在1917年，澳大利亚进口了493,061吨生铁和钢材，超过其自身生产量232,667吨。161 在1918年，昆士兰州政府任命了一个皇家委员会，“调查建立州级钢铁厂的合适性”。162 这最初由Gillies，后来由Stopford，领导，并得出结论，建立一个州立企业的合适性。在就该问题作证的人中，包括Guillaume Daniel Delprat，BHP的一般经理，他对外部人士有关该项目的发言感到兴奋：‘‘建起一个大熔炉，一个和我们的相同的，因为长期来说，这将会更便宜。你会想要获取所有最新的处理铁矿的设备，以及尽可能少的劳动力。如果你想获取我们的帮助，只要向我们的公司写信，我们会尽我们可能提供帮助。’’163 Delprat继续表示，他认为将生铁运到所建议的地点是政府应计划的，而且这工厂应建在或靠近布里斯班。

皇家委员会选择聘请一名高薪（£1,500年，非常不寻常）的总经理来完成这项耗资数百万英镑的项目的调查工作。John William Brophy被任命为总经理。Brophy，原来在印度Sakchi的Tata Iron and Steel Co.工作，曾被招入BHP，曾是首席机匠。164

早在1919年，Brophy就提出了两个重要的建议：
firstly, that the conception of the steel works not be limited to the
notion of producing steel rails, no matter how unending the demand
for such might seem; and secondly, that large ore deposits, external to
Queensland, be acquired to supply the works, as the state's iron ore
deposits were too dispersed. "Queensland undoubtedly possesses
many millions of tons of iron ore of varying grades, but the deposits
are scattered broadcast throughout the state, and, in my opinion, can­
ot be landed in sufficient quantities at a Central Works and smelted
thereat nearly so cheaply as those ores now being handled by the
existing plants in New South Wales." He went on to recommend the
acquisition of a large external deposit. The government subsequently
acquired leases from the Western Australian government on Cockatoo
Island, having sought a legal opinion about the ability of the govern­
ment to carry on state enterprises outside the State which threw doubt
on the ability of the commissioner for Trade to hold lands outside
Queensland, or . . . to carry on state enterprises beyond the limits of
Queensland.166

Having established that ore would be brought to the coast by ship,
the next planning step was to decide on a site. The locations proposed
were Ipswich, Bowen, Cairns, Aldershot, Gladstone, Townsville,
Broadmount, Burrum, Urangan and Bulimba. Of these, the last was
favoured by Brophy, but early in 1920, the government voted in favour
of Bowen, much to the gratification of the local Chamber of Com­
merce, which had engaged in fierce lobbying. Were the works to be
sited in Brisbane, the Bowenites had declared: "it will be Goodbye
millions of money, Goodbye the State's progress in iron manufacture,
Advance the devil and all his angels. 'Mammon is supreme.' "167
Whether the spectre of the satanic south of the State monopolising this
development also horrified any members of Cabinet is hard to know,
but a general concern with northern development was a major com­
ponent of the decision.

By late 1920, £45,000.0.0 had been spent on the proposal.168 By this
time, Brophy had estimated the setting up capital at £2,377,511.0.0,
clearly the major part of the loan Theodore had failed to raise in the
City in mid year.169

One good reason for these large initial outlays was the optimism
exuded by various experts about the proposal. Delprat's apparent
endorsement and Brophy's ambition were matched by comments
made to Theodore by American and British industrialists which he
(Theodore) noted as follows:
They said we had a tremendous advantage over most of the existing works in America or the United Kingdom. With the prospects of high prices everywhere for steel products the enterprise could not fail.\textsuperscript{170}

But, on 10 September, starting the election campaign, Theodore was obliged to state:

Not the least unfortunate of the calamitous consequences of our enemies' action is the delay in the establishment of the iron and steel works . . . . I need not dwell upon the immense advantages which the successful establishment of modern iron and steel works will give to this State. One of the main objects of my recent visit to London was to secure the necessary funds . . . for . . . purchase of . . . machinery and plant . . . . But for this boycott it is probable that tenders for the main portions of the plant would already have been invited, and the erection of the works would shortly be underway. We are compelled now to make other plans.\textsuperscript{171}

These other plans were not specified, but the evidence from the Premier's Department file suggests that despite the loan failure, the premier was still thinking in terms of keeping the project alive late in 1920. Indeed the matter was pursued in the Mother Country quietly and discreetly in early 1921 by the agents Brown and Dureau Ltd., who sought quotations for plant for the steel works. But the governor of the Bank of England advised the Queensland agent-general that attempts to raise money for the project privately "will further injure State Credit", and Theodore, on 24 February 1921, requested the cessation of any further attempt to raise money for the State in London.\textsuperscript{172} Finally in November 1921, despite renewed representations from the Bowen Chamber of Commerce following the first Wall Street loan, Theodore was obliged to instruct his department, in response to a request for further directions from the London firm Messrs Armstrong, Whitworth and Co., who had been doing some estimates: "Inform the writer that owing to the financial situation the government do not propose to take any further steps in the matter at present. E.G.T. 18.11.21."\textsuperscript{173} [E.G.T. were Theodore's initials.] And there it was to lie, revived again in 1938, 1949 and 1955, although not as a state-owned proposal. None of the later assessments varied significantly from Brophy's in advising on the best means of establishing a works, but by the 1950s, the market to sustain another Australian steel works was much more uncertain, and no subsequent inquiry went as far as the earlier commission. [In the 1980s however, plans for mills of limited capacity have been revived.]

This was, without doubt, the major project sunk by the loans embargo. Although the plan had assumed the success of the premier's money-raising visit to Britain in mid 1920, the government did initiate
inquiries in the private sector in response to the ban, inquiries which were squashed by the Bank of England. Both the failure of the loan, and the level of subsequent intervention aimed at ensuring the abortion of the proposal, give weight indeed to contemporary Labor Party parliamentarians' claims that the thwarting of the steel works was, in fact, the primary aim of the embargo action.174
Part 3
The Political Impact of the Loans Embargo
Introduction

In the decades prior to the loans affair, as well as becoming part of the Federation, Queensland saw the development of early trends in labour politics towards division between parliamentary members and "rank and file", the beginning of the war, and the coming to power of a State Labor government.

Much of what has been written about Queensland in the early twentieth century has been "labour history". Moreover, it is labour history which focusses on specific events and conflicts and individual organisations. Thus, the 1912 general strike, 1915 election, the conscription crisis of 1916-17, the industrial disputes of 1917 and 1919; the changes in relationships between various labour organisations and groups such as the Australian Labour Federation (ALF), Amalgamated Workers Association (AWA), Australian Workers Union (AWU), Brisbane Industrial Council (BIC), Industrial Workers of the World (IWW), Australian Railways Union (ARU), Australian Meat Industries Employees Union (AMIEU), Labor Party conventions and so on; all these are the major concerns of labour history.

Although such discussion is interesting and necessary to have in order to understand certain things about Queensland (such as government policy and conflicts between trade unions and the parliamentary party), it gives one a sense of being an ahistorical discussion. There is a kind of timelessness about the issues involved in the upheavals and disputes between trade union organisations. Similar ructions did occur, on similar lines, in other parts of Australia, in Britain, in France and elsewhere, then, before, and since.

What seemed special about Queensland was that at the height of a world-wide push by working-class movements, catalysed by the Great War, a radical reform government, representing democratic aspirations, came to power. This did not happen anywhere else over the same time span in relation to the war. Indeed, Labor governments col-
lapsed in other parts of Australia at this time. It was an historically distinctive, unique experience, with no obvious parallels elsewhere. No amount of analysis of the internecine activities of the component parts of the Queensland labour movement gives any sense of this. Higgins has traced the later demise of these governments, whose policies and reformist initiatives he sees going into steady decline as a result of a handful of factors, the loan affair in particular. Similarly, some of the discussions of intramovement tension and attitudes help us to understand the increasingly conservative posture of the governments of 1915-27, but few seem to acknowledge, as a starting point, the extraordinary situation in Queensland by the close of the First World War. The one writer who does, Denis Murphy, then reverses the problem by depicting, from his particular celebratory perspective, a narrowly argued continuity of political events over the next forty years.

Apart from recognising the dearth of general material on these historical contexts, compared to the relative wealth of fragmentary material on "intra-movement" organisational relationships, the other purpose of this introduction is to mention one or two social features of the Queensland scene at the beginning of the year 1920. A comprehensive social history of the State has not been written, but at this stage, there were some salient points — the fact of demobilisation, and the spread of the Spanish Flu; and the friction evidenced in the riots of 1919 involving returned soldiers, unionists, and the Russian population of Brisbane. It should be mentioned here that Queensland did possess a higher than national average proportion of Catholics, and Russian and German residents. As the twenties unfolded, extensive Italian immigration took place. Other social features of Queensland society have been highlighted elsewhere.

As a final remark on the political background to events from 1920-24, it should be noted that, not only did the so-called militant industrial wing of the labour movement in Queensland subscribe to the proposition that the state parliament would disappear after it had been used to obtain desirable objectives for the workers' struggle, but also, that the imminent abolition of state parliaments was a matter alluded to by some state members themselves (e.g., David Riordan [Bourke]). The abolition of the Upper House was clearly seen by some as a first step in the two-stage process of removing the whole of the parliament of Queensland.
11 The Impact of the Affair on Inherent Divisions in the Labor Party

Given the previous points about political developments in Queensland in the two decades prior to the twenties, the feature differentiating it from the rest of Australia was the way the Labor Party held together during the conscription crisis. What little has been offered by way of explanation for this, revolves, as so much else about labour politics at this time, about the figure of T.J. Ryan and his unusual attributes as a labour leader. Just before the beginning of the period which this study inspects, Ryan was succeeded by Theodore. In the following discussion of some aspects of dissension in the Labor Party, Theodore’s role is inevitably important, but a conscious effort is made here to avoid speculation about changes in Theodore’s perspectives and individual attitudes as premier.

It has become commonplace, in the analysis of the labour movement throughout Australia during the Great War, to speak of the temporary supremacy of the industrial wing of the Labor Party over the political wing, and to ascribe to this ascendancy, the course taken by the majority of the party in 1916–17, in response to which influential members of the political wing turned apostate. The fact that this did not occur in Queensland has been noted often enough, in terms of the almost unanimous commitment of state Caucus to an anti-conscription stance, but explanations of this in terms other than Ryan’s personal attitudes, have not been easy to discover. Murphy has written of a distinguishing component of the Labor Party of Ryan’s time, of “radical liberalism” but the roots of this, and the reason why such a faction should be so influential in Queensland remains unexplained except, once again, in terms of Ryan personally. Perhaps a partial analysis has been afforded by some of the work on the industrial wing’s perceptions of the Parliamentary Labor Party in the 1915–20 period. Central to this explanation is a notion of a changed conception of “militancy” amongst unionists in Queensland, which related to the
perceived role and position of the Queensland Parliamentary Party. Thus, from 1915–17, the Parliamentary Labor Party and the industrial wing appeared to be united on conscription and censorship issues. In this early period, identification with the position adopted by the Parliamentary Labor Party was actually a measure of militancy. The strikes of 1917 and 1918–19 marked, though, for the militants, the termination of its harmonious relationship with the Parliamentary Labor Party, as the conception of the State Caucus being too moderate developed, although at this stage it was not considered an outright enemy.

By the end of the decade then, to correct the mistaken road of the Parliamentary Labor Party, some union militants were seeking greater industrial control of the State Caucus at the very time that the reputedly more autocratic Theodore took control and, by the time of the May Day celebrations of 1920 and 1921, there were two separate demonstrations, of which the moderate one was the poorly-attended rival.

It is tempting to depict the tensions in the labour movement in Queensland at the time of the loans embargo as evidence of delayed ructions which might otherwise have surfaced during the conscription upheaval, and from that, to discern a growing conservatism within the Labor Party leadership which, in other states, was no longer represented within the party, but rather expressed in the now entrenched Nationalist ranks. In this context, over a one-decade span, McCormack's actions assume a kind of historical determinism in which his extraordinary repression of the union movement was a logical outcome of the retention by the Queensland Labor Party of those elements that were ejected or which departed for elsewhere in 1916 and 1917. Taken as a whole then, and whilst it did not share with other Labor parties (such as the New South Wales branch) the spectacular brawls associated with the Executive and the Parliamentary Party in the early twenties, the Labor Party in Queensland had arguably more potential for disintegration than any other in Australia by the end of 1919, albeit in a less proclaimed sense. Against this background, arrived the news of the "bribe" offered by the City.

The problems arising for the party politically after the failure to raise loan funds can be divided into three chronological groups: those which arose immediately; those which arose between 1920 and the 1924 capitulation; and longer-term ramifications.

It emerges from an examination of the papers of the day that there was no set, particular day when the denial of the loan became generally known. Theodore's failure in London was something gradually
realised, so there was no date from which point reactions might be assessed. However, there was a sitting of the Queensland parliament starting in August 1920 and, on the 18th, the government's position was put in the governor's traditional opening speech. It is quoted here, in part. It was delivered by Lieutenant Governor Lennon and, in subsequent debate, generated heated opposition from the Country and Nationalist Parties.

... but a coterie of well-to-do Queenslanders so unrepresentative that each one was rejected by the citizens of this State at the polls, as short-sighted as they are selfish, have contrived to so misrepresent Queensland's real position abroad as to result in the Government's being able to obtain from London the necessary loan money for normal developmental purposes only on terms subversive of the State's political independence. Strangely enough too, this unpatriotic group belongs to that section of the community which, during the war and solely through the agency of the war, profited to an unusual extent, amassing fortunes that would have been regarded as phenomenal in times of peace. Beef and wool multiplied in value through war conditions, and a perusal of the balance-sheets of the big financial concerns will prove that dividends have reached record figures, and it cannot be said that the individuals or financial concerns who have taken of this abundance achieved any pioneering work or established new industries, or displayed initiative, enterprise, or unusual business acumen in securing their profits. Their prosperity came to them through the difficulties of the Empire. The Allies had at all costs to obtain supplies of beef and wool, and the manipulators garnered still more through the huge loan expenditure to which the Commonwealth Government was of necessity committed. It is patent, however, to all that for many years past there have been among us ultra-rich exploiters who, with the view of ridding themselves of the free institutions which exist here for the protection of the people, would gladly see Queensland reduced to the status of a Crown colony. Rendered desperate by the loss of office, by their gradual loss of control of the powers and machinery of government, and their continued defeat at the hands of the electors, they have now for the first time come into the open. They have not asked — they know it would be futile to ask the Imperial Authorities to abridge or annul our self-governing powers, but they have attempted to bribe us to forgo our rights, which we regard as unpurchasable, in return for what they consider the equivalent in loan money. I am informed by my advisers that the position was bluntly placed before them. Queensland owes a debt in London. That is because all Australian Governments have always gone to London for money for developmental works. But in London the Queensland Government does not know its individual creditors. The financial operators and underwriters deal directly with the Government's clients. The Government cannot even locate its clients, and it seems to my advisers that the financiers abroad, at the behest of three unofficial delegates, informed the Government that loan money would be supplied if the Government would agree to repeal several important legislative enactments which had been endorsed at two elections by the people. This policy was probably adopted secure in the belief that no Dominion Government
Blockade

could survive if deprived of accustomed loans — loans upon which interest had always been methodically paid [,] loans, too, which were negotiated as investments and investments only. My advisers have declined the infamous proposal. They scorn the bribe, and they will not bow to the threat. Self-government, my advisers are firmly of opinion, is too precious to be bartered, and they believe that the majority of the people will agree with them that no course other than the one they are adopting would be consistent with public honour and interest. Under the circumstances, my advisers think their decision should have the approval of the electors before a further loan is launched on the London market. With the object of putting the question to the test, my advisers have decided to postpone all legislation with the exception of a short amending Liquor Bill which will leave the polling date of the referendum unaltered. My advisers will then adjourn Parliament until the Premier’s return, and, after affording him an opportunity of personally presenting the facts to the people, will refer to the constituencies the issue which the enemies of our self-governing rights have raised.¹²

So an election was called. Bernays’ idiosyncratic view of proceedings was that “the attitude of the people during the election was entirely novel. They either did not attend political meetings, or were so strangely apathetic when they did attend, that they appeared to be drugged or overfed. There was ample vigour amongst the leaders, but the people did not respond.”¹³ All the evidence was that the conservatives greatly feared an election, as their repeated and anxious attempts to divest themselves of any association with the delegation testified, and Theodore and the Labor executive were convinced of the electoral tactical advantage created by the affair. Theodore’s opening speech was a masterpiece playing on nationalist sentiments.¹⁴ The point here is that the impression gained by the latter-day reader is one of a highly-charged, keenly-fought election, so Bernays’ account is indeed puzzling. However, it has been suggested that industrial wing disaffection in the aftermath of the 1919 disputes was a major factor in losing Labor voters¹⁵ so, if this analysis is plausible, the inherent divisions in the party are important in understanding the 1920 vote results. Additionally, among Labor voters, the demonstration of the superiority of extra parliamentary power wielded by capitalist interests may have had a demoralising effect.

The tallies, although returning the government, were not pleasing to the Labor Party. In particular, the party lost heavily in Brisbane, and this, according to Murphy, was to have far-reaching consequences.

That only seven Labor members were returned from the sixteen seats which could now be classed as metropolitan, reinforced suspicions about the potential of the metropolitan area and confirmed the belief that for Labor to succeed in Queensland it had to concentrate its efforts and pro-
paganda in the rural areas and in the towns associated with rural industries. It made the party doubly suspicious of capital investment, of the industrial enterprises that accompanied this, and of the resulting larger cities which might vote against Labor.16

This may be a tenuous argument but, coupled with the collapse of plans for northern industrialisation, the effect on Labor's continuing subscription to agrarian values was significant.

The party was now to face its most difficult period of confrontation between parliamentary and industrial wings with a State Caucus constantly under threat of defeat in the Assembly, especially through defection of conservative members. Its majority was reduced to two, and this changed to one with the defection of J.C. Peterson (member for Normanby) in 1921.

Numerous problems arose directly as a result of the shortage of money, and these were compounded over the 1920-24 period, the "second" chronological period referred to above. The relationship of the government, and particularly the ministry, deteriorated with the Queensland Central Executive of the Labor Party, the trade union movement, and with some state members. Within Cabinet, there does not seem to have been major dissension, but J.A. Fihelly's removal to the office of agent-general may have obviated one possible problem. He was subsequently to resign in protest at Theodore's return trip to London in 1924.17

Perhaps the government's embattled position temporarily assuaged some of its militant critics, but it was simply a matter of time until the argument about shortage of money was used in a widespread way to defend inaction of various kinds. Indeed, the policy speech for the 1920 election had already mentioned the greater difficulties posed by the pending financial crisis. In general, the government had continually to plead the case for economy, rather than using money to achieve reformist objectives, at a time when active pursuit of reform was needed to retain support.18

There were two major issues which brought the parliamentary wing into conflict with the union movement over the next four years. Fears of retrenchment in 1920 turned out to be justified by 1921, and government employees were widely affected by proposals to reduce wages following the lowering of the basic wage in early 1922. Twenty-nine unions were involved in the establishment of the Anti-reduction Committee in 1922.19 Retrenchment, when it occurred, often hit the railways, and railway union officials were frequently the most militant critics of Theodore's policies and government. But it was not only the militant unions which were brought into open opposition to the
government by the consequences of the loans affair; it was also the Australian Workers' Union which announced its opposition to government plans. The fact that government wage reductions were applied across the board to include parliamentarians would seem to have been little compensation, and did nothing to defuse opposition. Retrenchment was still proceeding and arousing bitterness in the latter part of 1923, when State Government Insurance Office workers were affected.

The government's argument, in all of this, was that it was in a cleft stick. There simply wasn't the money to pay its servants and, if wages were not reduced, retrenchments would be greater. Higgins has drawn an analogy with a situation affecting Great Britain ten years later: "The rebuff from the City of London hit the Queensland government much as the May Commission's report was to affect the British Labour government in 1931, leading it to reduce social services drastically for lack of finance."

In Queensland, though, social services were, in union terms, a secondary issue to the employment and wage-level questions, and there is even a suggestion by Higgins that some unions may have questioned the wisdom of refusing to bow to the City when the working-man's bread was at stake.

Against the background of the dissension precipitated by the embargo, the conference leading to the adoption of the "Red Objective" was held in October 1921, at which the leadership of the political wing of the labour movement led the losing arguments against its adoption. The government's line, in all of its public battles with the conservative opponents of "repudiation", was that it was a sensible, moderate government, slandered as irresponsible and radical by thoughtless antagonists who little realised the far-reaching damage wrought to the State as a whole by the spoiling of Queensland's credit in London. The Labor Party's adoption of the "socialist objective" was a clear embarrassment to this moderate position which was articulated by Theodore at the 1922 Emu Park Convention.

Shortly after this convention, the Central Executive of the Labor Party and Theodore came into open conflict on wage-reduction proposals at the very time of the worst parliamentary crisis of the period. It was at this stage that rumours of a new party involving a coalition between Theodore and farmers' interests were rife and, although Theodore acquitted himself well in disposing of these, conflict with the industrial wing continued into the months and years after this. In December 1923, a major row with the relatively new Trades and
Labour Council erupted, involving, in Theodore's terms, the difficulties of a reforming government.\textsuperscript{25}

Perhaps there was a certain inevitability in the clashes between the political wing and the trade union movement, as stressed before, but the financial embolism made it infinitely more difficult in the mid to long-term, for the parliamentarians to placate an increasingly disturbed industrial wing. In all of this, the disputes between the ministry and various unions, the enemies of the government being at different times the IWW, the AMIEU, the ARU, the TLC, and the AWU too, the Labor Party as a whole, held firm behind the PLP. The growth of interest in Marxist ideas, preceding the formation of the Communist Party, was actually seen officially by organs of the labour movement, as something worthy of the membership, and the \textit{Daily Standard} was to proclaim in April 1924 that the ALP was "broad enough for all".\textsuperscript{26} The only defection from State Caucus was that of the member for Normanby, J.C. Peterson, who joined the Nationalists in 1921, and therefore made possible the grab for power of August 1922, when Frank Brennan was offered money to follow suit (see page 102).

Of the State Caucus members who seemed to represent a position of left-wing opposition to the AWU faction (as described by Murphy) of Theodore, McCormack and so on, one was a minister. That person was J.A. Fihelly (Paddington), but the motives for his subsequent actions, i.e., the acceptance of the agent-general appointment, and his later enigmatic resignation in apparent protest at Theodore's 1924 return to London, lacked ideological clarity.\textsuperscript{27} It was to be, indeed, the events associated with the premier's 1924 trip to the City, which put the State Caucus under the greatest stress it had experienced, for the premier and his closest allies were armed with arguments about the decisions taken in London which finally and definitively located their positions as responsible rulers rather than fighters for reform. Caucus dissension preceded and followed upon the premier's return to Queensland and, in late July 1924, he was temporarily removed from the leadership. Plans to leave state politics had already been announced,\textsuperscript{28} following reports of conflict in the party after the government's surrender was known. Perhaps the removal of a Theodore, now reviled by the industrial wing in 1924, defused some of the opposition to the State Parliamentary Labor Party, but the leadership passed later to McCormack, Theodore's close associate and, it was under him that, in trade union terms, the final travesties unfolded and the Labor Party headed for defeat.

This was the third chronological period of "outcomes" of the embargo for the labour movement; the final demise of the labour
experiment which had started in 1915. Another investigation, with a wider scope than this study, could inspect the decision and policy-making mechanisms and the perspectives of the small group who came to wield power in the resurgent governments of the thirties, to see what relationship these bore to structures and views in the twenties. It is worth summarising here, however, E.M. Higgins' views of the reasons for the 1927 crisis in relations between the state Labor government and the union movement. Premier McCormack's actions in this dispute revealed a total repudiation of the declared reasons for the existence, in those times, of an elected Labor government, namely, by claiming a higher responsibility to the "country" than to the aims and aspirations of the state's workers. This trend was already clear in the statements made by leading ministers in connection with the loans embargo in 1924. When, in 1927, McCormack '... threw up his hands in horror at the notion that a member of parliament might be compelled to give allegiance to some outside body, he was reminded that Cabinet had not disregarded the pressure of the pastoralists and the London 'money ring' in 1924, and was asked why it was not permissible to give as much respect to the claims of the trade unions which had been the founders of the Labor Party?"29

Seeds of discord, present in 1920, bore fruit during the financial problems of the next four years, leading to the final irony of the late twenties. This discord, it has been argued, was at least as great in Queensland as in other Australian states, a legacy of conscription issues. Under the catalytic influence of the loans affair, this potential was realised. The radical liberal edge of the Labor Party in Queensland never recovered.
12 Parliament and the Loans Affair

During the years 1920–24, several major events in the state parliament occurred with far-reaching consequences that are still being played out in Queensland politics over half a century later. The most significant one, constitutionally, was the abolition of Council in 1922. In party political terms, the greatest upheaval was the near collapse of the government just after the abolition of Council, a direct result of the extremely close results of the 1920 election, which had been fought principally on the "delegation" issue. Then, after the consolidation of its position in the parliament after the 1923 elections, the government party temporarily deposed its leader following his capitulation in 1924 to the London financiers. So, following the 1920 embargo, the Queensland parliament witnessed a virtually even division of seats, with the government representing a minority of voters; one defection; the consequent breaking of conventions by the Country-Nationalist Opposition in an attempt to unseat Labor; an attempt at bribery for the same end; and a rapid and innovative response in tactics from the government to preserve its position until the pressure was relieved by the 1923 election results. These sometimes extraordinary events unfolded against a backdrop of some continuing radical legislation, and the creation of Australia's only unicameral parliament.

The debates held in the parliament, from the time of the embargo onwards, were dominated by the affair. It loomed large in the speeches of Labor and non-Labor members. It recurred in the Supply debates, the Address in Reply, Want of Confidence Motions, and most debates on Bills. It seems to have been as frequently referred to in 1922 as in 1920. It would not go away.

In discussing the events taking place in the parliament during the five years from 1920–24, it is convenient to divide the period into two parts. The first, from 1920 to the end of 1922, sees the imposition of the embargo, the 1920 election, the subsequent attempts to bring down
the government, and its retaliatory tactics ensuring its survival by the end of 1922. The second, from then until the end of 1924, sees the electoral gains of 1923, a situation contradicted by the erosion of support within Caucus for the leader, the period ending with his departure from state politics. Before looking at these two periods, the way both sides of the Legislative Assembly represented the affair, its origins and its initial impact, is described, particularly to show how the Opposition perceived it as an electoral liability.

In this discussion, the terms "conservative" and "Opposition" parties refer to a changing group from 1920–24. In the 1920 elections, Nationalists and Country Party were returned, and leadership of the Opposition rested with Country Party leader, W.J. Vowles (Dalby). W.H. Barnes (Bulimba) was the Nationalists' leader. By July 1923, the United Party (formerly Nationalists), had assumed the leading role, and its leader, C. Taylor (Windsor) also led the Opposition. This was short-lived, however, and by April 1924, A.E. Moore, who had assumed the leadership of the Country Party after the 1923 poll, became the new Opposition leader. Throughout the five-year period, there was no real fusion or coalition of the parties comprising the Opposition.

Debates on the Land Act and the Work of the "Delegation"

The conservative arguments in the Assembly turned on the proposition that Queensland was recklessly governed by socialists squandering money, with little notion of responsibility, and evincing a delinquent proclivity to repudiate contractual obligations, especially in relation to investors in development. This tendency was signally expressed in the Land Act Amendment Bill, the critical effect of which was to remove the condition that rents on pastoral leases could no longer be re-assessed with a guarantee that they would not rise by more than 50 per cent. This was evidence of bad faith by the government, shaking the confidence of those with an economic interest in Queensland, and particularly, important people in the City. As long as the government pursued policies symbolised by the Land Act Amendment Act, it could and should expect difficulty in raising money, money which would only be foolishly spent on various projects, salaries and railway construction.

The great difficulty for conservatives in Queensland parliament was to indicate where they stood in relation to "the delegation" (i.e., the Philp delegation). Of course, some of them were associated with the
plans to send the delegation, but they quickly disassociated themselves from it, when it was easily and apparently conceived by "the public" as a rotten act carried out by a small influential group of probably unpopular men, with a definite taint of economic sabotage. Indeed, the Berriedale Keith papers (correspondence in the home country between concerned "men of station"), reveal that "the delegation" was by no means well thought of by all those whom it sought to lobby, and Berriedale Keith himself wrote in June 1920 that he regretted the strategy of "stopping the supplies of cash in London... because as I am not a pastoralist, I am mainly concerned with the prosperity of the State and its relations to the United Kingdom". Back in Brisbane, A.C. Elphinstone (Oxley), a prominent Nationalist with a certain nonconformism attracting occasional approbation from government members, declared on 19 August 1920 that "there is not a member of any section of the Opposition... who is not just as condemnatory of the delegation as the Government themselves are". (Government laughter)

For a long time, in the conservative press, the fact that a loans embargo had been deliberately sought was denied, but this deceit was not consistently attempted in the Queensland parliament. So the Nationalist and Country Party members found themselves in the curious position of arguing that the government, regrettably, had its just deserts, but that the delegation's action was a part of what was "regretted". The end was reasonable, but did not justify the means. Thus, even before the premier returned to Brisbane, Nationalist MLAs were condemning the delegation as roundly as the government. But in all their arguments was the notion of an inherent wisdom in what the City had done. At one stage, proof for the proposition that the London money market had made its decision independently of the pastoral lobby, was found in the fact that the Commonwealth and Victoria had recently been unable to secure loans in London too, demonstrating some determination of the City to teach Australian states a lesson in new kinds of money management. Of course, this argument lapsed when those other authorities did obtain loan finance whilst Queensland's situation deteriorated.

On the subject of alternative methods of obtaining necessary funds, the Opposition's general stance was that it was not a good idea to take capital out of circulation in Queensland to fund a loan, and nor was it a good idea to borrow from elsewhere, although this latter issue was not prominent in debate in 1920 and much of 1921. With both points, the government had some agreement. The Opposition side, however, did not mount any major attack based on a view ventilated in London
conservative media, that the Queensland government’s Home Loan with its compulsory provisions was a spiteful, vengeful retaliation, aimed principally at interests associated with pastoral investment. There was, in some of the debates, a definite note of telling comparison: Queensland, like Soviet Russia, was an aggressive repudiator of long-standing economic ‘arrangements’, and as such, had to be economically wounded to bring it into line.

Against this, government arguments fell into two camps. One was a general line that the Labor government had declared war on capital,³³ that this was a typical reaction, but that it would not stop a resourceful and imaginative group of decision-makers from finding other solutions to the requirement to provide labour-absorbing developmental works. This seems to have been an argument prosecuted mainly by the back bench. The ministry, and especially Theodore, were inclined to argue more about specific issues, in particular, the charge of repudiation. If some of Theodore’s speeches (together with the one written for Lennon to deliver to open the Legislative Council and Assembly in August 1920) are examined closely, some interesting points emerge. For one thing, he seemed to have accepted the proposition that an election should be called early to sanction (or otherwise) the government’s action, and that should a positive result ensue, a loan in London would be forthcoming. Of course, it wasn’t, but the government did not get the endorsement it might have wanted, despite the Opposition’s clear fear of an election based on the London loan issue, and perhaps Theodore was always sensitive to the charge that the government of the twenty-second parliament represented less than fifty per cent of the electorate.

On 7 December 1920, the premier gave his longest account of the situation to that date.³⁴ Two points emerged strongly from his speech. Firstly, he was, as ever, at great pains to disprove the charge of repudiation: the Land Act Amendment Act was, like many others, a legislative enactment with implications for some people’s incomes. It had been attempted before however, by a conservative ministry over whom the pastoral interests had held decisive sway in 1910, causing the ‘fifty per cent’ clause to be dropped. It was a necessary levelling Act, bringing rent assessments on pastoral leases into line with those for grazing selections. Who could argue, he stressed, that selectors should pay three times the rent of the holder of a pastoral lease? To the charge that Theodore and the government could demonstrate their real friendship for the farmer by reducing selectors’ rents to the level of the pastoral leaseholder, Theodore’s reply was that selectors, like other citizens involved in production, had their incomes, in part, regulated by an in-
dependent arbitration process, in this case, the Land Court, which could make scientific assessments of reasonable rents. This was, he said, a reasonable policy to pursue with pastoral lessees also. In any case, the provision about a fifty per cent ceiling on rent re-assessment was a legislative regulation, and not part of any contract to which lessees were party. Whilst in London, he had encountered the misconception that the fifty per cent ceiling was part of the lease condition, so strong was the propaganda against Queensland, he complained. Thus, the Act was in no sense repudiatory.

The second point in his speech was his rebuttal of a charge that he, personally, as a responsible financial administrator, would not have objected to complying with the requirements of the City, in order to have solved the terrible problems confronting the State. His personal commitment to the Land Act Amendment Act appeared strong, and he was again to refer to his abhorrence of the reaction of the squatting interests when the discussion of his possible disaffection within Labor ranks erupted in the parliamentary crisis of 1922. A contributing factor was his realisation, in London, that real power in preventing a loan did not rest with Queensland's actual creditors, the subscribers to loans, but rather with the financial intermediaries, of whom the dominant person was Sir Robert Nivison (from Nivison and Company, a firm of financial intermediaries), with whom all Australian governments had then to deal.35

It was only in statements by government members in the Assembly that the full coherence of the conservative strategy was depicted. On 19 August 1920, William Forgan Smith claimed that the hope of the Opposition was to bring about unemployment and stagnation, and to make infeasible the carrying out of Labor's vote retaining projects such as the construction of "Workers' Homes", and thereby to prove, after the fact of the embargo, the Labor government's recklessness, and inability to administer its financial affairs to the electors at large who, prior to this, might perhaps have found the evidence wanting.

No-one disputed, finally, the harmful effects of the embargo. The main contention concerned its cause. The Opposition line was that it was the inevitable consequence-cum-evidence of bad financial management due to dangerous socialist policies. The government line was that it was a weapon in the armoury of the squatting interest in Queensland, ruthlessly used at no matter what cost to state workers' and business conditions, to inflict damage and to bring about reversal of policies, through either a change of government of the day or a change to the Labor government's policy.

The Opposition did not win the elections of 1920 and 1923. The
Theodore government did not retain the all-important waiver of the fifty per cent ceiling in the Land Act Amendment Act, although its 1924 capitulation was camouflaged as compromise.

The clear winner was the pastoral lobby.

The Parliament 1920 to 1922

As mentioned, 1920 was not a good year for the conservative parties in Queensland. They appear to have misread both the reaction to the loan failure, and the timing of the next state election which, according to Irving and Schedvin, they expected in 1921. Splits in the ranks of the parties and the fund-raising organisations behind them were frequent. In general terms, Connell and Irving have characterised the period before the Great War as one during which the ruling class found it difficult to develop an effective political leadership, but that the war assisted in regaining this. Events in Queensland in the twenties, however, would indicate a continuing inability in this regard, at least at state level.

The leadership of the Opposition passed from the Nationalist member for Bulimba, W.H. Barnes, to the Country Party leader and member for Dalby, W.J. Vowles, soon after the news of the embargo. When the election was announced in the governor's speech in August 1920, Vowles demonstrated immediate confusion over its desirability. He had a noticeable capacity to walk into traps during debates, with the outstanding example being his virtual admission of charges from Theodore over the Sleeman/Connolly bribery scandal in August 1922. Some of this apparent weakness in tactics and debate showed up during election campaigns, and weak leadership must have been one factor operating against his side in the 1920 election.

Analysis of this Queensland election is at least as formidable as understanding the 1917 Federal results between conscription plebiscites. There seems to have been a residual inertia expected to operate in the conservative parties' favour, whilst on the other hand, the most recent events connected with the financial crisis were seen by both sides as helping the Labor Party. There has been some previous discussion of the 1920 election mentioning the view that industrial wing disaffection with the State Parliamentary Labor Party was a factor operating against the government. Paradoxically, it has also been suggested that public identification of the Parliamentary Labor Party with the atheist taint of Bolshevism was alienating a strong Catholic vote previously attracted in 1918, despite the fact that the
Catholic press campaigned for the government in 1920. Evans' portrayal of the electoral allegiances of numbers of returned soldiers, evidenced by their behaviour in the 1919 civil disturbances in Brisbane, would suggest that the demobilising and largely unemployed members of the AIF voted against the Labor Party. However, there was no doubt that the government and the Opposition saw electoral advantage for Labor in the fact of the embargo itself and, in August 1921, F.W. Bulcock was to further claim that in substantially pastoral electorates, such as his of Barcoo, the vote had actually improved as a result of the small landholder's support of the Land Act Amendments.

After October 1920, the fact that the government failed to attract a majority of the voters was persistently alluded to in the new parliament. The tactics adopted by both sides can only be understood in the context of the government's greatly weakened hold on parliamentary power, and whether sincerely or otherwise, the Opposition attributed this weakness to the judgment of those who believed that the denial of loan funds was a proper opprobrium for financially delinquent rule. Indeed, the delinquency was not confined just to money matters. E.B. Swayne (Mirani), an Opposition MLA, stated during the Want of Confidence Motion of August 1921: "I am simply giving reasons why Queensland cannot borrow on the money market of the world today, and pointing out that the class of individuals that they have put into the Upper House is one of the chief causes. We know that one had just been under punishment for acting disloyally with regard to the 'red flag' episode."

The "disreputable" nature of Labor rule was a constant theme of the Opposition. On a later occasion, Vowles rose to reply to Theodore's introduction of the Bill to abolish the Council, and expressed abhorrence at the obnoxious idea that "those men", i.e., the Labor nominees to Council, would retain certain privileges as a result of having been "MLCs". But despite these attacks on persons on the government side for being generally disreputable, the main charge, directed more clearly at the ministry and Theodore, was that of financial incompetence. The essence of it was clearly expressed by W.H. Barnes during the debate on a Loan Bill at the time that the news of the first American loan was about to break. Speaking of the government, he claimed...

"All their past actions show that they are incapable of living within their means. They have the mania of the spendthrift. They have never known the value of money or the responsibility of the government of the country. They have plunged and plunged till the country is right up against it. ..."
There were two dominant features of the parliamentary events from 1920-22. One was that the tenuous hold of the government was more than matched by dissension, uncertainty, tactical inferiority, and finally unsuccessful conspiracy by the Opposition. This dissension was likely to surface most during debates over critical issues, and one such, revealed cracks in the government ranks too, from an unexpected quarter. The other was that the loans embargo loomed in these debates as the pivotal political event of the time, with many economic ramifications. Frank Forde (Rockhampton) was to claim that the effective work of the delegation had prevented the “erection of iron and steel works at Bowen, thus providing employment for 3,000 men” which if true, was a figure almost as much as the total unemployed for the State at the beginning of 1920. H.J. Ryan (not T.J. Ryan), the Labor member for Cook, attributed the greatest significance to the failure of the government to finance this northern industrial development, even suggesting that it was the threat of its initiation alone which had motivated the conservatives’ blackmail.

... the Premier’s intention when he went abroad was to get the iron and steel works going at Bowen. I think that would have been the best thing that could happen, not only for the North, but also for the rest of Queensland and the whole of Australia. Our friends opposite knew that if the Government borrowed money to establish those works ... it would be scores of years, perhaps, before they would be able to put the Labor Government out of power in Queensland.

The embargo was to dominate not only Assembly debates but also the Council. The very last speeches made in Council came back almost inevitably to the loan crisis. Debate on the Abolition of Council both in the Assembly and Council, is worth reviewing, to illustrate both this point and the nature of division amongst the parties.

The Constitution Act Amendment Bill for the abolition of Council was introduced in October 1921. It was suggested at the time, and the proposition has been kept alive by later writers, that Theodore had cynical motives connected with a necessary appeasement of the left of the party for introducing it. There is, as will be shown, some evidence that the Bill was indeed introduced suddenly and without full consultation of government members. In speaking to it, which Theodore did with all other important measures, he gave a basic argument that unless the Upper House were elected on a full franchise, and at reasonable time intervals, by which he meant three years, it would not be a democratic institution — it would amount to no more than a wasteful copy of the Assembly. He did not allude to the possibility of the Assembly’s ever becoming undemocratic, and, despite some impu-
tation to the contrary, there is not one skerrick of evidence that the Labor Party at this stage did not endorse a one vote one value principle for all electorates. [Witness the debate of 27 July 1922 on the Redistribution of Seats Bill.] He dealt at some length with the referendum of 1917, which had negatived the proposal to abolish Council, saying that three consecutive electoral victories were a more important endorsement than a referendum conducted; firstly, on a Federal election polling day; secondly, with the question put in a confusing way; thirdly, put simultaneously with a poll conducted on the question of reduction of publicans' licences. Towards the end of his introduction of the Bill, the premier expressed the hope that there would be no outside interference with the Act, such as had occurred with "the unfortunate delegation business".

The Opposition split over the Bill in the Assembly. The Country Party tactic was to support the abolition of Council, since, with its Labor nominees, it was now "an assistance to Soviet rule" and had to be removed. The Nationalist tactic, however, was to move an amendment advocating a house elected by proportional representation based on either the entire State, or the Federal electoral divisions. H.E. Sizer (Nundah) and then J.S. Kerr (Enoggera), the Nationalists who moved this, cited the example of Tasmania. On no account could the Country Party bring itself to support the idea of an unlimited franchise, and consequently, they abstained from voting on the amendment, and then supported abolition so that the vote divided 51-15, instead of the usual 35-33.

In the Lower House, the Labor Party held to the argument that an Upper House elected democratically (the Sizer amendment), was unnecessary duplication. But this was not so in Council. With obvious misgivings, Gerald Page-Hanify, a Labor member of Council, rose to speak against the Bill on 26 October. The reasons for this action, he enumerated as; firstly, a pre-existing belief among some Labor members that the Bill would not be brought forward in this session, and indeed would not be unless the previously withdrawn Initiative and Referendum legislation were revived; and secondly, a conviction about the long-term danger of an unchecked Lower House. "Are my comrades content to trust their opponents with such unlimited power ...?" he asked. If a government with a bare majority in the Lower House would push through something as radical as this, what would an Assembly with a large majority, of no matter whom, not stop at in the future? Prophetic as this distillation of the issues into purely constitutional ones may have been, it gave no recognition to another common labour prognosis of the time, one immediately articulated by an
incensed Joseph Silver Collings, namely, the abolition of all state parliaments. (This notion recurred in Assembly debates, e.g., D. Riordan\textsuperscript{54} and F.A. Cooper.\textsuperscript{55}) Collings went on to support the Bill in the same terms as Theodore.

On the next day, Council had its last session for all time. During the Valedictory, Opposition councillor, A.G.C. Hawthorn, claimed that action was imminent on the abolition: "... I can assure you that a very strong resolution is going to the King. It will be such a resolution as will make the authorities pause before they consider the carrying out of the wishes of the present government." To which Collings responded, "... Another traitorous delegation!"\textsuperscript{56} which Hawthorn immediately disclaimed. In the dying speeches, as it were, of Council then, the loans affair erupted, the last disagreement recorded in that Chamber.

Governor Nathan gave no cause for comfort to a deputation wanting the withholding of Assent for the Bill. He had already received advice that he should not reserve on another Bill affecting constitutional issues, the Judges Retirement Age Act,\textsuperscript{57} and this was entirely consistent with the view of some conservatives that political obstruction was neither as effective nor as likely to be tolerated as the economic sanctions effected by the London financial intermediaries.

So, perhaps with unexpected ease, Council ceased to exist. It was defended, at the last moment, by one Labor councillor who saw "danger ahead", and assisted in its demise by the Country Party and of course the Labor majority in the Assembly, some of whom were cynically disposed to forget some other parts of the Labor platform aimed at giving representative democracy more teeth. Debate on the Bill illustrated well the divisions in the Opposition.

Although there were unusual events in the Queensland parliament at this time, giving it a "Gilbertian" flavour\textsuperscript{58} (such as the appearance of an ageing Supreme Court judge before the Bar of the House to appeal against a retirement age bill about to be debated,\textsuperscript{59} and the defection of a member to the Opposition in 1921 with just a suggestion of money being involved in this action\textsuperscript{60}), the basic factors leading to the 1922 conspiracy arose directly from the 1920 election results. For, after Peterson’s defection in the session which opened in July 1922, the Labor Party lost one or two members at different times due to illness, and accordingly, the Opposition decided to break convention of offering pairs in an effort to bring down the government and force an election.

The first response of the government was to produce sick members in the house for crucial divisions and, where this was not necessary, to consistently use the speaker’s casting vote. However, in August
PREMIER THEODORE STANDS FIRM BY LABOR
SENSATIONAL DISCLOSURE OF APPROACHES FROM TORYDOM.

NO CONFIDENCE MOTION COMES TO IGNOMINIOUS END.

MR. M'CORMACK LEAVES HOSPITAL AND VOTES TO DEFEAT DESPICABLE TACTICS

PROXY VOTING INNOVATION TO COUNTER TORY MEANNESS.

Yesterday was a day of sensations in the Legislative Assembly. The tense political situation of the past week or two carried its reflection in the crowds which filled the galleries, eagerly absorbing every detail of the proceedings. Those folk were looking for thrills, and they got them.

The no-confidence motion, moved by Mr. Vowles, was a dud. The leader of the Opposition was obviously vamping a speech, and he failed even in that. There was less meat in it than in a vegetarian sandwich. On the other hand, the Premier’s reply was a smashing one. His disclosures in the afternoon of Tory attempts said to have been made to entice him from the ranks of Labor were followed with the keenest attention. There was no mistaking the profound impression Mr. Theodore made. Apparently, the dramatic nature of the proceedings had been well advertised around town in the interim, for after the tea adjournment, the galleries were full to overflowing. The public gallery at the far end of the Chamber was a sea of faces, and the Speaker’s galleries could not have held another spectator. Some idea of the size of the crowd might be gauged from the fact that scores of unauthorised persons, hard pressed to find accommodation, poured themselves into the press gallery. The entrance into the Chamber of the Home Secretary (Mr. M’Cormack), when the Tory member for Bulimba was speaking, was a sensational climax to a day of sensations. Mr. M’Cormack has been—and still is—seriously ill, but he left his bed at the Mater Misericordiae Hospital to take his place in the House, and to show the people of Queensland that, despite the Tory party’s mean refusal to grant pairs to sick opponents, the Government can still carry on.

1922, F.T. Brennan, the Labor member for Toowoomba, was approached with the offer of money to defect to the Opposition, giving it a majority.

This story, now documented by Kett Kennedy, ended with a complete political and moral victory for Theodore. Brennan exposed the plot (subsequently becoming the secretary for Public Instruction), the agents offering the bribe were arrested, tried and convicted, and the Opposition, Vowles in particular, gave an extremely poor account of themselves when the matter blew up. The following is an example of the debate on the day the conspiracy was exposed. The debate occurred as a result of a Want of Confidence Motion moved by Vowles:

Mr Clayton: Name the member who made the overtures.
The Premier: I did not say it was a member. Hon. members are apparently shaking under very considerable anxiety — they cannot restrain themselves. What I said was that quite recently suggestions were made to me, and in the course of those suggestions it was made clear to me that offers were being made to buy a member of the Labour Party. Therefore, I knew before the end of last week that these offers were being made, and the opposition were well aware of them long before the hon. member for Dalby gave notice of the motion which now is being debated. I was told that it was going to be moved, and I was told that a government member was to be bought to support him. And that is what the hon. member apparently knew on Friday, when he was so hopeful of carrying this motion.

Mr Vowles: You were offered a job yourself, were you not, at the same time?
The Premier: I was offered the job of leading a majority of the members on that side, together with other members who were expected from this side, and I refused to accept the job.

Mr Vowles: I refused to have anything to do with you. (Government laughter) I turned you right down.
The Premier: That is so. What I was told was that the hon. member was one of the stumbling-blocks.

Mr Vowles: I said I would have nothing to do with it.
The Premier: That confirms what I have been saying.

Mr Vowles: Outside people again — interfering!
The Premier: The hon. member knows they approached me.

Opposition members: Name him!
The Premier: I will name him, and I will also quote what he stated in his approach to me. The first man who approached me was Mr Garbutt, president of the Northern Country Party, and the second man who approached me was Mr Boyce, secretary of the Primary Producer's Union.

Mr Edwards: Why did you not expose them?
The Premier: I am doing that now, and I am taking the most effective way I know, so that no other misguided individual will be induced to make such unwise approaches in future.

With brilliant timing, Theodore thus chose this moment to reveal the fact that several recent approaches had been made to him to form a
third governing force in Queensland, comprising an alliance of some Country Party and Labor members, a suggestion which he claimed foundered on two counts: firstly, that there were in Queensland two sides in politics, Labor and non-Labor, and he would always be the former, and secondly, that even if this were not the case, he expected that the essential defining criterion of acceptability to any alliance involving land owning interests would be repudiation of the Land Act Amendment Act, which he personally was not prepared to do. So, in this, perhaps Theodore’s finest hour within the parliament, triumphant over a deceitful and corrupt Opposition, his party temporarily united and loyal behind him, the loans embargo, and its cause, the Land Act, emerged in Theodore's terms as the litmus test of his own political persuasion.

He quickly moved then, to end the possibility of again being defeated in the House (it had already occurred on 1 August) by introducing the Proxy voting measure, the Legislative Assembly Act Amendment Act, on 17 August. It was first used on 23 August in the Supply debate, and the government thus survived a challenge which had really hung over it since Peterson’s defection over a year before. Additionally, Theodore, whose position was less happy than it ever had been in the party at the time that this conspiracy became public, had consolidated his position a little, deferring perhaps some moves against him through his astute handling of problems in the House. Kennedy, who sees nothing sinister in the Proxy voting measure, considers that "Theodore's response was brilliantly realistic, once again outmanoeuvring the opposition . . ."^63 and that further, it was "... merely ridiculous that the fate of the government should depend upon the physical ability of one or two of its members to participate in a division on strict party lines."^64

In a sense, the bribery crisis was the culmination of the frustrations of the embittered and divided Opposition parties who believed they had been cheated of victory at the 1920 polls, in all probability because of the Queensland delegation.

It was a grab for power which was not to be repeated. The local conservative politicians’ ability to organise did not match the tenacity with which their ideological father figures in London were to tighten their economic grip on the Queensland government. Powerless against British capital in the "home" country, Theodore did not lack resources in dealing with their local representatives, and the year after the Proxy voting completed the Opposition’s disarray and confusion in that session, Vowles had lost his leadership.^65
The Parliament 1923 to 1924

The new parliament reconvened in July 1923, two months after the Labor Party had increased its numbers in a general election. Almost immediately in its proceedings, the latter-day reader detects a decided tone of conciliation and relative bipartisanship from the two sides. The very first business, election of speaker, William Bertram, gave the Opposition occasion to mention the unpleasant scenes of the last parliament, with the hope that these would not recur. It was not long before the reason for the reduced tension between the two sides emerged as a growing conservatism on the government benches, rather than a new spirit of support from the United (formerly Nationalists) and Country Parties; but it was to be a year before the consequent rifts among the government members spilt into the debates. The story of the 1923–24 parliament was very much one of this developing similarity in disposition on some questions between the front bench of the Labor Party and many of the Opposition on the one hand, and State Caucus dissension on the other. In what follows, an account of these tendencies is given, as well as an analysis of the major issue in the parliament of this time which preoccupied both sides of the house: the final "resolution" of the loans affair. The 1923 session ran from the second week of July 1923 until the first week of November. In early April 1924, the news of the loan compromise reached Brisbane from London. The 1924 parliamentary session got under way at the end of July, after Theodore's return.

Early in July 1923, leadership of the Opposition passed to Charles Taylor (Windsor) of the Queensland United Party. In the meantime, Arthur Edward Moore (Aubigny) had become leader of the Country Party. Charles Taylor referred to a "readoption" by William Bertram (Maree) of the speaker's regalia, previously discarded by the Labor speaker, a symbol of the apparently changed mood of Caucus. The apostate Peterson lost no time in congratulating the government during the Address in Reply, for its new-found commonsense. Referring to Nathan's opening, he stated: "I was very much struck with the brevity of His Excellency's speech, and when I perused it, after having listened to its delivery in the Chamber, I came to the conclusion that I had never read a more Tory address in my life... Anybody but a Bolshevist or Communist would support it. It is perfectly tolerant and peaceable, if satisfactorily carried out."

Similar surprised and "accommodating" statements were made by other Opposition members, like B.H. Corser (Burnett) on 18 July 1923 and following this, Theodore went on to assess the recent im-
proved election results in terms of a public recognition of the truly moderate nature of the Labor Party, and therefore, a strong reaction by that public to the electioneering of the Opposition which painted the government as radical wreckers. Perhaps the most illuminating exchange in the new posture of the government in the Assembly took place at the end of the 1923 sitting, during the debate on the cotton industry legislation, which was to give effect to the prohibition on ratooning. A.C. Elphinstone (Oxley), an Opposition expert on the question, rounded off his sizeable contribution to the debate in October saying:

I cannot let this opportunity go by without making some brief reference to the extraordinary position which is being taken up by the government in these days. Here we have a government ostensibly committed to socialism that is bringing forward a measure of restriction at the direction of proprietary interests, at the direction of capital, of individualism... They seem to be casting off the shackles of socialism and becoming an individualistic government, and candidly I must admit that it is very difficult to know just where they stand in these days.

The Premier: Do you admire us as we are or as we were? (Laughter)

The 1924 parliament's early proceedings were dominated by concern in one way or another at the recent resolution of the loans issue. Backbench disquiet in the Labor Party with the demeanour of the frontbench in 1923, had erupted into a readiness to dissent during debates with the decisions of the ministry in 1924. "Schism" became a word much used in July 1924, particularly by those who perceived themselves to be threatened by it. Backbenchers Randolph Bedford (Warrego) and M.P. Hynes (Townsville) were prominent in Theodore's defence, whilst H.L. Hartley (Fitzroy), C. Collins (Bowen) and M.A. Ferricks (South Brisbane) gave voice to disapproval of Theodore's conduct in achieving the compromise. "Schism" had already occurred, with the temporary removal of Theodore from the leadership in the last week of July. So great was his personal dominance, however, and so unorganised does his deposition seem to have been, that there was no orchestrated attempt to find a new leader, and so, despite rank and file disapproval which found expression in the Labor press (e.g., the Daily Standard Editorial of August 5 1924) and representation in State Caucus, he survived. But, from the opening of the 1924 session of parliament onwards, a new note of public dissension became a regular feature of parliament, and other issues gave rise to such discord. Hartley, for example, found himself in disagreement with one of the more radical proposals to emanate from the secretary for Public Instruction (Frank Brennan), to rewrite school texts on history to "ex-
punge . . . all reference to the glorification of war'' (Ferrick's words)?
and did not hesitate to air his grievance. Similarly, the same member
and Charles Collins were plainly unhappy with the volte-face of the
government, announced by secretary for Agriculture, W.N. Gillies, on
the ratoon cotton question, but did not vote against it. The Opposition,
however, now led by A.E. Moore, made no particular effort to drive
a wedge into government ranks, and this could partly be explained by
Theodore's impending departure from parliament.

Reference has been made earlier in part three to the theoretical
positions adopted by the Opposition and government when the Land
Act Amendment Act triggered the loans embargo. No more clear
demonstration of changed attitude and apparently transformed values
during this time is given than that afforded by the speeches over 1923
and 1924 of the Labor ministry in relation to the loan. One excellent
illustration of this was given by the premier in August 1923 when he
introduced the Government Loans Redemption and Conversion Bill.
Debate on this was initiated by Theodore on the 14 August, with a
general argument about reasonable conditions on the money market
in London, and he made no early reference to any possible difficulty
which the government could encounter when applying for another
loan next year. However, he came to a point where he found it
necessary to refer to previous events and the following exchange
occurred.

[The Treasurer (Theodore)] . . . any loss of credit to the State was the result
of the unhappy political engineering which went on as a result of political
controversies in Queensland. . . . It might have been possible for some
public men to have prevented the unfortunate delegation episode, but that
was not done, and the delegation did its work, and did it effectively. It
prevented the raising of money in London.

Hon. W.H. Barnes: You know there were other reasons, so why make that
statement?

The Treasurer: [Theodore]: Other reasons for what?

Hon. W.H. Barnes: For your failure.

The Treasurer: There were not other reasons. That was the positive reason
given out in London itself by the financial newspapers. The visit of the
delegation was the sole cause of our failure in London to raise money in
1920.

Hon. W.H. Barnes: That is not so.

The Treasurer: I believe it to be so, and I stoutly assert that it was so . . . .

Hon. W.H. Barnes: Was it not a case of be sure your sins will find you out?74

As the debate proceeded, it became clear that the government was
obliged to go to London in 1924 because so many loans taken out by
previous [non-Labor] governments were to fall due in that year. But
On Wednesday night last, at the invitation of the Mayor of Brisbane, "leading citizens" tendered a farewell banquet and made a presentation to Labor leader Theodore, and wished him godspeed in his loan mission. "All shades of opinion" were represented.—News item.

the interesting points in Theodore's approach were: firstly, that he did not allude to the possibility of again being unsuccessful [it was publicly inconceivable]; and secondly, that the Labor government's attack on squatting interests was now reduced by Theodore to mere "political controversy" which had occasioned the perverse action of the delegation. He made no reference to the conditions laid down by the financial interests in the home country which had figured so prominently in his charges of blackmail three years previously. Later in the debate, Barnes, the main Opposition member figuring in debates on the loan issue, suggested that Theodore would, in future, refrain from bringing forward any measures which would incur reprisals from London before 1924. Theodore announced during those proceedings that it was necessary to stay "off the market" immediately before the time when the State would most need to convert its loans, and, this caution, taken together with the modest sum the Queensland government eventually did negotiate, would perhaps explain a lower public debt by the advent of the Depression.

Theodore left for London in January 1924 amidst a great fanfare of bipartisan support for his mission. Soon after his return, the 1924 sitting of the Assembly got underway, and it was not long before the premier gave an account (during the Address in Reply) of his accommodation with London. He was at great pains to demonstrate to his critics in the labour movement that he had not surrendered to the pastoral lobby, and this explanation dominated his address. The excerpts that follow give some idea of the tenor of his speech.

... The controversy is settled. The issue is dead and buried, and the difficulty that existed in the London market against Queensland loans no longer exists.

... Of course, the necessity for what might be called the gesture of goodwill that comprises the real settlement in London, arose from the nature of the misunderstanding which existed in England on the Land Act controversy ... — a woeful misunderstanding of what Labor in Queensland stood for and what its aims are, and it was my principal task to break down that misunderstanding. That was the essential thing if Queensland as a State were again to appear as a borrower in that market ... The breaking down of that misunderstanding has enabled us to conclude a settlement, and if some people construe what was done into a surrender or a concession of an unjustifiable character, that conclusion is erroneous. A mere bridge was provided over which both parties travelled to a better understanding; and surely it is not wise for any party to attempt to exaggerate that settlement into something in the nature of a surrender, or climb-down, or recantation, for such terms do not describe the settlement in any sense.

... The people in London who were at the head of the recent obstruction against Queensland did not care a snap of the fingers, figuratively speak-
ing, about the pastoral lessees. A great many of the people who could deny or grant us access to the money market had no personal interest, or financial interest, in the pastoralist companies, and were quite prepared to brush the pastoral companies aside. It was thought that the government that was in existence in Queensland was a kind of Bolshevik government that was out to destroy all vested rights. That impression had to be removed. . . .

After further narrative of the events in London, Theodore gave his account to parliament of his deposition in Caucus a week before, during its consideration of the forty-four hour week issue.

In fact, according to State Caucus minutes, it was not, strictly speaking, the forty-four hour week which led to Theodore's loss of position. At the meeting of 24 July 1924, a motion (moved D. Gledson, seconded C. Collins), that the forty-four hour week be included in the Sessional program was carried 18-16. A subsequent motion that the forty-four hour week be "enacted to come into operation on January 1st 1925" (moved Gledson, seconded Weir), was passed 16-15, after a deferring amendment (moved Hartley, seconded Bedford) had been lost, 13–13. Subsequently, it was moved Gledson, seconded Hartley, that the five per cent salaries reduction be restored in the forthcoming session. This was carried 18–16.

Later that evening, Theodore moved (McCormack seconding), rescission of this latter motion to repeal the Salaries' Reduction legislation. Strangely, this was carried 20–15, but it was immediately moved by Ferricks (seconder's name not given) "that this party decides that the government proceed to restore the basic wage and 5 per cent reduction on all Public Service Salaries under £300". This was carried 18–11 following which Theodore announced his intention to resign, with other Cabinet members intimating that they proposed to follow suit.

It was then moved Foley, seconded Hartley, that the resignation be accepted. This was carried 15–8. Following a successful motion to elect new positions, Collins received 23 votes, Gledson 5, Theodore 2, Weir 1, Hartley 1 and MacLachlan 1. Despite attempts to defer the meeting, polling for the deputy leadership was proceeded with, resulting in Payne receiving 20 votes, Weir 5, Hartley 4 and Gledson 2. However, as this exhaustive balloting proceeded for Cabinet positions, an increasing number of informal votes were cast, reaching a proportion of 19 of the 33. At this stage, existing Cabinet members announced a rethink of their forty-four hour week position (but not of their line on five per cent reduction), and the withdrawal of Theodore's resignation followed. Charles Collins was thanked for chairing the meeting, and a motion that no information be given to the press was carried.
Now, in giving his account to the House, Theodore stated, *inter alia,*

... I am not going to be stampeded into adopting a course of action that I think is unwise, impracticable, and unwarranted. . . . Responsible government ceases if irresponsibles dictate its policy . . . . I am becoming unpopular if one believes everything published in the newspapers, and I am subject to jeers and gibes at the hands of certain writers at the present time. Still, one can buy popularity too dearly . . . . I shall not grizzle if I am at any time deposed. If my views at any time cease to correspond with the views of the majority, I can be relegated to a subordinate position in the party, and if that is done, it will not affect my allegiance to the principles I have always believed in.80

Finally, then, in this long address, Theodore described a posture for the Labor government which indicated that one particular wheel had turned full circle:

. . . I have had my say. I wanted to state my attitude frankly and fearlessly, and I have endeavoured to do so calmly and dispassionately. The time is one when we should preserve our calmness. The Labour movement is faced with a crisis from within, not with any menace from without.81

Gone, then, were the days of fiercely scorning the bribe, of refusing to "bow to the threat" of the London capitalists. Instead, the government had to calmly face its inner danger. If division within the labour movement was a calculated aim of the pastoral lobby, four years before, Theodore now bore vocal witness to the success of such calculation. So too did secretary for Public Lands, McCormack. On 7 August 1924, McCormack used the hated term "repudiation" in the House. He had taken the unusual step of entering the Address in Reply debate and, at one point, claimed that if Theodore had not acted to compromise in London he would again have faced "repudiation".82 In another place, he referred to the need for the government to avoid "repudiation" again. So "repudiation" stopped being a charge the exclusive property of Labor's opponents, the United Party and the Country Party, and became something which McCormack held up to the backbench of his side as an inevitable but avoidable consequence of not doing the right thing by Queensland's creditors.

There were four different perspectives on the loans embargo "settlement" in the parliament of 1924. Firstly, there was the Opposition attitude of praise for Theodore's achievement, an acclaim which insisted, however, that he had to substantially withdraw from his previous position, and that he had been suitably chastened by his experience. Secondly, there was the government frontbench posture of having achieved the correct solution, not giving away the principle of self-determination, but also convincing conservative London opinion
that Queensland was not distastefully "radical" or "Bolshevik". Thirdly, there was the angry backbench reaction, articulated by Ferricks and Collins, and representing much of the union movement and labour press, that Theodore had merely capitulated, and the economic power of capital had, in a precedent-setting way, established its superiority over the political power of Australian labour governments. And fourthly, there was the opinion given voice, for example, by the member for Fitzroy (Hartley), that Theodore had made the best of a situation which was much worse than he had publicly revealed, in which undisclosed pressures had been brought to bear on the premier. This position was also finally adopted by the Daily Standard, after an initially more hostile reaction to the news from London. The premier also referred to this problem at the opening of his discussion of the resolution of the conflict.

Hon. members have suggested that there should be a full disclosure of the proceedings in London, and that I should take the House fully into my confidence with regard to everything that was done. I have already explained that it would be very unwise for me to make a full revelation of the proceedings and negotiations which may involve the risk of re-awakening the old animosities.

It subsequently remained undisclosed in the speech that followed, as to which animosities, harboured by whom, the premier referred. However, files in the Queensland State Archives reveal that the pastoral lobby had been pursuing the notion of some retrospective compensation at its meetings with Theodore in London in March 1924. Notes in Theodore's hand, dated 2 April 1924, state, "At the first conference, the pastoral coys reps informed me they could not agree to my proposal [stabilization of rents] unless it was accompanied by an offer of extension of leases . . .". [The government was to have the right to cancel such extension if it compensated leaseholders for the difference between what they had paid between 1920 and 1924, and what they would have paid had the Act not come into effect in 1920.]

The parliaments of 1923 and 1924 then, witnessed sharpening divisions within the Labor Party, and a corresponding unity between the Opposition and ministry. The matters leading to the final lifting of the loans embargo were the subject of heated debate and division, and very little was said about the uses to which the finance would be put. In the 1920 election campaign, Labor had made much of the loss of major projects, such as the steel works, as a result of the proscription of funds, but in 1924 there was no great celebration of the return of the possibility of now proceeding with these. There were at least three reasons for this. Firstly, the general solvency of the State was con-
sidered so poor that the Wall Street loans had offered, even two years before, no prospect of expanding programs. Secondly, Theodore pointed out to the House in his August explanation of events, that recent Australian Loan Council resolutions had the effect of restricting the state's use of loan finance in many ways, so that there seemed little prospect of returning to the grand design of earlier days. And thirdly, and perhaps most importantly, there had occurred a fundamental shift in the dominant thinking in the Parliamentary Labor Party about the role of the State and Labor's use of state power.

The parliament which rose on 22 October 1924, was different indeed from that which assembled on 6 January 1920. In January 1920, the government did not yet know the trouble it faced over loan money, and references to the great developments ahead peppered the pages of Hansard. Millions were to be used for the State Steel Works. The Labor Party was solid behind Theodore. Collins, member for Bowen, was prominent in debate on the steel works. Exchanges on the future of society and the attack on capitalism were commonplace. In October 1924 there were no such exchanges. Theodore was not even present on the last day; his state parliamentary career had already ended. When Collins spoke it was as much to express dissatisfaction with his party as anything else, and the debates were inward-looking, preoccupied with rural conflicts and rivalries, concentrating on cotton, hunting seasons, and the like. The fierce clashes over reform and the survival of a reform government belonged to the past. The bitter tirades against the pressure of proprietary interests had given way to vacillating decisions taken at the behest of such interests.
To fully understand the forces ranged against and reacting to the Queensland government in 1920, it is helpful to remember two facts. Firstly, the squatting interests were numerically small, financially extremely powerful, and perhaps most importantly, strongly identified with Britain itself. They had, since the mid nineteenth century, been locked in combat with the rising national bourgeoisie over the Land Acts, and had, by the turn of the century, a long-established practice of manoeuvring to minimise the effects of the various pieces of legislation which had, as their principal aim, the opening up of land under the squatters' control. Secondly, an important part of their history of defending privilege had been the retention of very low rentals for pastoral leases, and the guarantee that these would stay low. As the struggle between "merchant and financial capital" on the one hand and "local, diversifying industry, on the other", proceeded, both groups successfully influenced, and were represented in colonial and then state governments. Moves by the latter group to attack this particular privilege were stalled in 1910 and, as long as the conservative parties remained in office, the squatting lobby had demonstrated its ability to defend its low rental concession. With the advent of the Ryan government in 1915, this control became less certain, but as long as its interests could be defended by its representatives in the Legislative Council, such control nevertheless continued. It was symbolic indeed that the legislation which led to the Labor swamping of Council early in 1920 was in fact the Land Act Amendment Act, for now the squatters had, for the first time, obviously lost control of the government. At the same time, there may also have been representatives of the "national" manufacturing class, who supported in principle, the clauses of the offending Act. It was indeed no more than a resubmission of a proposal which had come before the Denham Cabinet. This is one key, then, to understanding the readiness of conservatives
such as Elphinstone to condemn the delegation (i.e., as a response to the Land Act Amendments) but not its aims (the teaching of a lesson to Labor).

The tension between the proponents and defenders of the "country's" right to self-government and the protagonists of the notion of "sanctity of contract" quickly took on the appearance of a conflict between a Queensland nationalism and Empire loyalties. In observing this, it is important to understand the relationship of these feelings at the outset of 1920. According to Evans, Queensland by 1920 was an intensely polarised society as a consequence of divisions emerging during the Great War. Despite its clear support for the Empire during the war, the Ryan government had, through its anti-conscriptionist stance, been identified with disloyal sentiments. Although ideologically different, and indeed opposed to the "radicals and foreigners" for which Queensland had become famous, and against whom large crowds had demonstrated and rioted in 1919, the Labor government came to be seen as protecting an environment for such groups. This was partly attributable to the fierce reaction of the Federal government and some returned soldiers to anti-war dissidents, a strident conservative backlash which virtually forced the government, by its very vehemence, to side with the groups under attack, initially, at least.

At this time, also, Labor parties throughout Australia were still closely associated with the strong anti-British sentiment expressed by the Irish Catholic population in reaction to the repression of the 1916 Easter rising. But in Queensland, it has been shown that the Catholic vote was already deserting the Labor Party in 1920 because of the public association of the Parliamentary Labor Party with Bolshevik (atheist!) influence. Both Archbishop James Duhig and Chief Censor Stable had referred to this tendency. In the context then of this highly polarised society, in which anti-Imperial sentiments were by no means uniformly identified with the Labor Party, two events occurred in 1920 which threw the contradictions in both the labour movement and the middle class and conservative political parties into sharp relief: the failure of the loan quest itself, and the visit of the Prince of Wales (the future Edward VIII) to Queensland, both happening in July.

At the very time that Premier Theodore was realising the futility of his mission in London, the Australian visit of the Prince of Wales had reached its Queensland phase, about which Buckingham Palace and the governor-general had evinced some anxiety. State Governor Goold-Adams, in one of his last communications with Theodore, wrote to him on 26 January 1920 that he had taken the liberty of intimating to the governor-general that Queensland should be on the itinerary.
"Princeitis". The *Daily Standard's* view of the effect of the Prince of Wales' visit to Queensland, July 1920 (*Daily Standard*, 4 August 1920, p.4).
Further, "It seems to me that those who arrange for the Queensland tour will need to provide the Prince with some relaxation in the shape of shooting, and I have already approached Mr Rogerson of Pikedale, near Stanthorpe, who has promised a good kangaroo shoot". The outgoing state governor also volunteered the suggestion that McCormack would be the most appropriate host for the prince throughout his tour of the State, being "the most sporting" minister. But, by the time of the tour, the leadership of the state government was in the hands of that member of Cabinet most clearly resented and reviled by Queensland conservatives, Irishman Jack Fihelly. The ex-rugby league international, member for Paddington, however, delighted the Royal party with his response to the prince personally, even taking the extraordinary step of flying to Glen Innes to say "goodbye" because he had not been present at the leave-taking in Brisbane. An extremely rare bipartisan note was even evident in the reporting of the *Brisbane Courier* during the days of the visit of the prince.

After the tour, the Labor paper *Daily Standard* printed a wry cartoon showing the leaders of the labour movement after their disconcertingly obsequious posturing, recovering from the disease of "Princeitis". As for the Empire, news of the tour's success "... was greeted with relief in London. Buckingham Palace believed the Queensland reception was the greatest success of the entire tour." And the tour did indeed have the clear purpose of welding potentially disintegrating forces in Australian society. Its potential value in reducing political friction had been most successfully demonstrated during the visit to Queensland. The huge public demonstrations of loyalty may also have been important precedents for similar "pro-country" rallies such as those in Sydney in 1921. The patriotic fervour of the Labor ministers themselves, so soon to give way to loud denunciation of British capital and influence, is readily understood as an expression of the continuing and urgent desire of the conservative factions within the labour movement to prove that a reformist ministry "could exist within the British constitutional system. The Prince appealed to Labor ministers as a person, a symbol and a means of gaining popular support for the government." While the prince's tour defused and divided some of the labour movement's hostility to the Imperial connection, the failure of the loan, evident in the very same last weeks of July 1920, was to sow division amongst the ranks of the parliamentary Opposition and its supporters. (Buckingham Palace may well have been the more apprehensive about the tour because it was aware of the action of the City.) At first, most of the Opposition disassociated themselves from the delega-
tion, readily dubbed as "traitorous" by the government. To the frequently raised charge that the loans embargo was outside intervention in Queensland's self-governing functions, they had no answer except for high-sounding statements about "Caucus" needing to learn the value of "sanctity of contract". But, as has been previously observed, defenders of such sanctity outside the pastoral lobby itself were more motivated by a compelling hostility to the Labor government generally, than by a strong commitment to low pastoral rent levels and "gentlemen's agreements". The pastoral lobby's blackmail was the central theme in Theodore's dramatic Exhibition Hall appearance on the night of his return on 10 September 1920, and one contemporary was in no doubt that it won the Labor Party an election it could well have otherwise lost. Then, late in the year, as the unrelenting need for capital for government projects continued, conservative opinion in the State shifted dramatically to throw its weight behind the Home Loan appeal.

Here was a clear contradiction. The London press railed against the Queensland government's attempt to raise its own finance, particularly the threat to use compulsory provisions to get the money. Yet the Brisbane Courier actually exhorted its readership to subscribe because of these provisions. Both Theodore and the Opposition were critical of the need to take capital out of circulation but could see no other option. The real paradox was that although an important part of conservative hopes for Theodore's failure was the prognosis that a spendthrift Caucus would only burn the money (presumably, largely in the smelters of the State Steel Works), the enthusiasm for the raising of the local loan money to fund the state government knew no bounds. On 24 January 1921, a huge advertisement appeared in the Brisbane Courier of which the main feature was letters to be dictated at school on the virtues of subscribing to a loan. Typographically speaking, the paper had not given itself over to a theme so dramatically since the Prince of Wales' visit six months before. It was to no avail, however, as the loan foundered despite an extension of time.

It seems reasonable to conclude, from the events which occurred over the year from February 1920 to February 1921, that some of the local business groupings and Chambers of Commerce readily identified with the strong bid to defeat the Theodore government economically and politically during 1920. But there were one or two miscalculations. Irving and Schedvin have shown that the Nationalists expected a state election to terminate Labor rule in March 1921. They did not count on an early election fought about the state's right to govern itself. Queensland nationalism was a strong force in both
Labor and Opposition parties. The Nationalists likewise did not count on an attenuation of the lack of loan finance. As Theodore was returned to office, so too was swept away any chance of a restoration of London-raised capital, and no-one appreciated this more keenly than Theodore, who was already paving the way for the series of "anti-labour" steps which were in his terms an inevitable consequence of the embargo and destined to see him fall from grace in the State. His opponents seem, perhaps, to have only taken stock of this situation late in 1920, as local business and development interests became aware of the embarrassment of the ban. Uncomfortable with this late realisation of the state of affairs, they threw themselves with zest into the Home Loan.

Queensland nationalism had been a strong, if not decisive, factor in Labor's re-election. Almost every other public issue seemed to be working for the contrary result in 1920. The governor of Queensland for most of the 1920-24 period, Matthew Nathan, was to reject conservative lobbying for the withholding of assent from the Bill to abolish Council later, which suggested his own positive assessment of the strength of anti-Imperial sentiment in Queensland. The fear of again invoking this sentiment before the next election was paramount in Nathan's view. As it was, the 1923 result saw Labor's position strengthened, but the campaign witnessed the Nationalists disassociating themselves from the retrospective compensation election promise of the Country Party. [This was an undertaking to give back to the squatters the difference between what they had paid in rental from 1920-23, and what they would have paid on the same leases without the effect of the Land Act Amendment Act.]

When Theodore left to raise London finance in 1924, it was with the full apparent support of most of the forces (locally at least) which had been arraigned against him in 1920. In the interval, there had been two other issues which underlined tensions and contradictions amongst the state's conservatives.

One of these was the Queensland government's raising of loans on Wall Street. Despite criticism of the rates of interest aimed to show that Theodore had done a poor deal, the Brisbane Courier was quick to see that this undesirable tendency to trade financially "outside the Empire" had been forced on the government.

More moderate opinion in the "City" holds that the London financial wire-pullers have gone too far in identifying themselves with the State politics and conducting a deliberate campaign, the results of which damaged not only Queensland's credit, but that of the Commonwealth also. It is pointed out that the United States is deliberately seeking investments in the British Empire, notably in Egypt.
Whilst the Queensland government's action was seen as tinged with disloyalty, it was also seen as inevitable, just as the Home Loan was. Despite a vigorous defence of the conditions of the loan, Theodore was later to agree with the view that, in general, money was best raised in London.

The other tension occurred between local (state) and national (non-Queensland) capital interests. Prime Minister Hughes had his own reasons for seeing advantage in the loan failure. Conservatives who saw the political advantage of denying funds to a Labor government continued their support for such a move unless they themselves experienced disadvantage as a result of it. Besides, a lesson learnt in Queensland by labour forces was a warning to those who might be in government in other Australian states at other times not to err in the same way. A determinist view might place the whole episode squarely in the tradition (described by Mullins) of development in Queensland, only occurring against a background of relative decline in "independent trends in Australian capitalism". The now-familiar tensions between local Queensland business interests and southern interests such as the sugar "decontrol" debates with the Victorian, F.W. Eggleston, in July 1922, were exacerbated by the feeling that Queensland's development had been hindered even more by the over-hasty determination to teach Queensland Labor a lesson, a determination much more readily evinced if one had an "Empire" or "Commonwealth" perspective on the problem.

There was no wavering in this determination in Britain, despite the confusion in Queensland, as Theodore prepared to return in 1924. As an article appearing in the English Review at the end of 1923 warned, what was called "defalcation" (or the failure of the Queensland government to do what was required of them by the pastoral lobby) might, it continued "... open the door to questions of even wider constitutional import, such as limitation of self-government by communities which had not arrived at a certain degree of development". What exactly was threatened is not clear here, but that there was a threat became explicit by the end of the piece. "Can they be so completely out of touch with the world as really to believe that they can play fast and loose with the sanctity of contract? If so, enlightenment will come".

In the end, anti-Imperial sentiment turned out to be just that. It did not resolve itself into any actual proposal to reject links with London. To be sure, much of the labour movement was outraged at Theodore's capitulation, but alternative proposals would have meant a real repudiation of this financial bastion of capitalism, and this was un-
thinkable to any Australian Labor government at this point. The assertion of the constitutional validity of the Labor government within the Imperial framework was a recurring theme in the Labor leaders' thinking. And for all its reformist initiative and progressive policies, it was this conception which determined the course of events in 1924. For the Labor government, "Imperial" realities meant over the "four years of starved impotence", the transformation of the state's "enemies" into the "London authorities". Anti-Imperial sentiment had served to sustain symbolic political victories such as the end of the Upper House, but not to resist the economic pressure of the pastoral lobby. As V.G. Childe wrote at the time,

The "silken cords" which bind the self-governing Dominions to the motherland are now revealed in their true nature. The imposition of conditions in return for a loan is only the obverse of that much trumpeted demonstration of complete Dominion autonomy in politics — the unhesitating Royal Assent to the obnoxious Bill for the abolition of the Queensland Legislative Council. The effective control over Dominion policy resides not in Westminster but in the City. And it is left to a Labor Colonial Secretary to give his blessing publicly to its exercise.
Part 4
Other Impacts of the Loans Embargo
Introduction

This discussion of other impacts of the embargo is confined to an assessment of three areas of activity of the Labor government which were affected by financial shortages from 1920–24: education, health and law reform. In terms of social programs of the government, there were some areas of legislative inaction, such as Aboriginal policy and conservation. Examining these in terms of money shortages is not therefore warranted. But in education, health and law reform, there were changes from 1920–24.
It is almost a truism now to state that in an Australian context, education in Queensland has not done well as an area of government initiative and enterprise. It is the purpose of this section to examine developments in the educational field in the early twenties, and to seek to discover whether these conform to the general picture of an inhibited growth in the area, and whether, if this is the case, such can be attributed to the financial difficulties of the State. To do this, it is necessary to give some background to the various sectors of educational activity prior to 1920.

Much that has been written on education in Queensland prior to the First World War has focussed either on sectarian questions, and the conflict of interests over state aid issues, or the grammar school and "scholarship" problems. Beyond its relationship to these questions, the development of primary schooling in Queensland has not occasioned a great deal of comment, at least, not the kind which would extract it from an Australian mainstream, and set it aside as either perverse or superior. Dispersal of low density populations, the development of itinerant services, general problems of isolation, the pupil-teacher system, and curriculum have been the main areas of concern.

This is not, however, the case with secondary schooling. From its beginnings, it would seem the provision of education in the State was linked to notions of class. It was an early aspiration of politically ascendant interests in the 1860s to confirm their position through the education system by the establishment of grammar schools. Sir Charles Nicholson, first president of the Legislative Council, advocated this proposition. Grammar, church and other private schools were established by the turn of the century. State high schools were set up in 1912, but only in towns where no grammar schools existed. No such "keeping at a distance" applied to Catholic schools,
However, and the towns selected for the founding of state secondary schools were those also selected by the Brothers. The whole secondary school system in Queensland in 1915, was closed. Only those students who won scholarships by a state examination were permitted to attend high schools, whether they were state high schools, grammar schools or Catholic schools. These scholarships were funded by the state government. This had two consequences: firstly, that the State subsidised the private school sector; secondly, the working class was largely denied access to secondary education.

When it came to power in 1915, the Ryan government was confronted by substantial hostility in the labour movement to the grammar schools and the level of financial assistance they received through the state-funded scholarships. Despite an inquiry into the grammar schools, however, in 1917-18, the Ryan government took no action, nor did the McCormack government after a similar investigation in 1928. By 1920, high schools were still very much the "pale shadows" of their grammar school counterparts, but the beginnings of the special relationship between the Catholic educational establishment and Queensland Labor governments can be discerned. This special relationship would come under attack between 1929 and 1932 when the Moore government revised, radically, the scholarship system in order to favour high school student attendance at the expense of the Brothers' schools and the grammar schools. This decision was subsequently reversed by the Forgan Smith government.

In his account of the development of educational policies between 1900 and 1920, Rupert Goodman attributes great importance to two public servants, R.H. Roe and J.D. Story. The Ryan government initiated little that these two had not planned. Goodman attributes some of the inaction of the mid and late twenties to the fact that Roe and Story had left the Department of Public Instruction.

This impression of the special significance of the department in the determination of policy is reinforced by some accounts of contemporary attitudes to the newly elected Labor government of 1915. One such account by Thomas Hanger, who was friendly with State Labor president, W.H. Demaine, ran:

The immediate difficulty facing the new government when it tried to put its ideals into practice lay in the hostility of the civil service, of the under-secretaries, who, like the rest of us, become the creatures of habit: even when they were not actively hostile, they were unsympathetic and uncooperative when sympathy and co-operation were of major importance, for few of them thought it likely that labour would still hold control when the three years elapsed...
1920 has been depicted as the initial year of the two decades of the "lost generation", when lack of government sponsorship of educational expansion and innovation, especially at the secondary level, accounted for the diminished status of education in the State compared to other Australian states. So it is pertinent to examine what priorities the government had during this period, and what its active policies, in fact, were. Hanger's observation notwithstanding, education was quite clearly a low priority for State Labor at this time, and conflict between the ministry and its public administrators was of a much lower order in this domain than in others. The question of the social value of education as a means of altering social relations and political behaviour certainly arose periodically, especially at Labor-in-Politics Conventions, and this view was apparently endorsed in turn by H.F. Hardacre, J. Huxham and F. Brennan, the successive ministers from 1919–24. These ministers were not able to generally obtain the support of Cabinet, so that small-scale and pragmatic change was the essence of educational decision-making in the 1920–24 period, and together with modest growth in particular areas, characterised these five years.

In fact, the erection of schools, particularly state high schools, proceeded apace, relatively speaking, until 1924, when it stopped. (After this, no new state high schools were built until 1939, when primary net enrolments had increased by 7,000.) The ten-year period from 1915–25 saw a quadrupling of state secondary scholarships offered, with grammar schools' percentage of these falling from seventy-three per cent to forty-two per cent, and proportions to high schools and Brothers' schools rising accordingly. Overall enrolments surged suddenly at state high schools and Brothers' schools at the beginning of the 1920s, and then went into a slow decline in both kinds of school until the mid twenties.

This decline can only be speculated upon. Connole, an historian of Queensland Catholic secondary education, claimed that the decline in secondary pupils from 1921 to 1931 was "a result of the period of good employment", but in this he surely juxtaposed the entire decade with the Depression. He later in the same account attributed low enrolments to a "lack of secondary industries, and educational standards of parents", not department policy and the scholarship system. The figures for state high school enrolments from 1920–25 were as follows:
Other Impacts of the Loans Embargo

Table 10  State high school enrolments, 1920–1925 (Queensland)\textsuperscript{15}

<table>
<thead>
<tr>
<th>Year</th>
<th>State high school enrolments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>1,270</td>
</tr>
<tr>
<td>1921</td>
<td>1,511</td>
</tr>
<tr>
<td>1922</td>
<td>1,336</td>
</tr>
<tr>
<td>1923</td>
<td>1,142</td>
</tr>
<tr>
<td>1924</td>
<td>1,175</td>
</tr>
<tr>
<td>1925</td>
<td>1,423</td>
</tr>
</tbody>
</table>

From 1925, the figures then rose steadily. Of particular interest to this investigation overall were the drops from 1921–22 and 1922–23, of 11.6 per cent and 14.5 per cent respectively, this despite the school building expansion program. It was not a continuing trend and, from 1924–27, enrolments rose by an approximate average of 15 per cent per annum. *Commonwealth Yearbook* statistics from the first seven volumes indicate a steady rate of natural increase in population in Queensland in the years 1907–12, which do not support this fluctuation in enrolments thirteen years later.

At Brothers’ schools, figures for enrolments showed a 4.3 per cent drop from 1921–22, staging a recovery similar to that of the state high schools in the later part of the decade. So, at both kinds of secondary schools associated with education for adolescents from lower income backgrounds, a slump occurred in the figures for enrolments in the early twenties. It can be hypothesised, though not proved, that recessive economic circumstances may have drawn pupils away from schools, or prevented them attending in the first place because of the need to find work. However, later, in the more widespread dislocation of the thirties, higher enrolments were attributed to precisely the same cause, i.e., recession gave pupils a reason to stay at school. In both cases, however, the overall small proportion of high school enrolments in relation to population should be remembered. It seems remarkable that despite the expanded building program of the early part of the decade (1920 and 1924 were “peak” years for expenditure),\textsuperscript{16} enrolments fluctuated as they did.

As it continued to do, and as was the case before this five-year period, the government laid emphasis on technical and agricultural education. Apart from reports of Labor in Politics Conventions, and various news stories regarding disloyal attitudes by secretaries for Public Instruction, the most noteworthy action of the government of the day, in the view of the conservative press, were the moves in apprenticeship legislation and technical education.\textsuperscript{17} With Labor in power, "The thinking persisted that the children of the working class..."
must of necessity continue with technical education, while the children of the upper classes went to the university.""18

The Gatton Agricultural College was taken over by the Department of Public Instruction in 1923. Other changes and government initiatives involved primary and special education; primary correspondence tuition in 1922; travelling manual training and domestic science schools; opportunity classes for the retarded in 1923; and physical instructors were appointed in 1926. There was no question that primary education was the right of every child without qualification. But beyond that, the government's attitude was perhaps best illustrated in one of its departmental brochures, *State Education in Queensland*, brought out in 1928, "... if he cares to seize the opportunity a primary pupil of average intelligence can, if industrious, get free secondary tuition.""19 [my emphasis]

To what degree, then, can limits to growth be ascribed to financial difficulties of the time? In 1924, Frank Brennan, minister of Public Instruction left no doubt about this in a statement to parliament during the supply debate of 1924. "It is... known to honourable members that loan money is difficult to obtain, consequently we cannot do all that we would like in the building of schools. Personally, I believe that £1,000,000 should be raised to put all our schools on a proper footing.""20 The million spoken of was many times the amount spent in the previous year, and was, to others, if not really to Brennan, unthinkable. In pragmatic terms then, financial difficulties affected the provision of education in Queensland.

But another, more subtle, effect of the embargo may have been the relief of pressure on the government to reform or change education in Queensland at this time. Not all of the labour movement or government was committed to the narrow vision of educational development reflected in the policies of the Department of Public Instruction. John Huxham revealed himself anxious that the department's inculcation of loyalist sentiments in the state's young not be immune from criticism or intervention (as in the "flag" controversy of 1923),21 but more seriously, Brennan, in the following year, expressed in the House the view that the education system needed to be geared to the requirement to produce working people of sufficiently astute judgment to think independently of the capitalist press. Such a stance implied radical revision of the curriculum, if not the system as a whole. At the 1923 Convention, W.H. Demaine's presidential address, "criticized the direction of education, its competitiveness and lack of cooperativeness, and urged a radical reform of the system by a government commission. ...""22 and, according to Lawry this was "one of the
few party statements which reflected a radical policy, the convention ‘proceeding to modify the education programme’ without much discussion.” This tendency to make more radical pronouncements about the importance or social value of education, whilst in actual fact pursuing modest and mundane plans, was a recurring theme in successive Labor ministries. H.F. Hardacre, in 1919, was part of this. The Caucus itself was clearly divided over attitudes to education. This erupted in the House in the Supply debates of 1924, when H.E. Hartley (Fitzroy), denounced any proposal to revise school history textbooks so that their content would not glorify war. M.A. Ferricks (South Brisbane), however, claimed that such a move was long overdue.

If there was a focus for radical educational notions, it was the Workers’ Educational Association before 1920. Mary Murnane’s detailed examination of this body leaves no doubt that both the government and university were respectively not in sympathy with the association and embarrassed by it, although the Ryan government did come to T.C. Witherby’s defence against Opposition calls for charges to be laid against him. The government’s main concern by 1924 was the failure of the Workers’ Educational Association to attract a quota of manual labourers, and Brennan, for all his general pronouncements, never seemed to be concerned with the issue of adult education. A potentially radical force, the Workers’ Educational Association’s evangelist posture quickly changed in the twenties, the result of both “internal” disagreement about its role, and pressure from the university. In direct proportion to the dissipation of its energies into providing more general continuing education, its funding grew in the twenties. There is no evidence that the labour movement or the Ryan or Theodore governments even shared the radical criticism, articulated by N.W. Freeburg and V.G. Childe, of the university and the interests it represented. Nor did the Ryan and Theodore governments see any attempt to alter the status quo as either desirable or attainable.

There is nothing, finally, to suggest that in any educational endeavour the government was committed to reform, but there is ample evidence that there were areas where growth was thought desirable but was impeded by financial restrictions. These were mainly in primary education and building programs. There was, and there continued to be, a preoccupation with distance problems. On this, J.D. Story, the architect of much policy in the early part of the century, and a university administrator in later years, wrote of Queensland in a “retrospect” in 1935: “Her distances are farflung; her pioneering is not over; the cry of the outback children is appealing; . . . the little bush school is an Essential. Even in Education, billy tea must
come before champagne." In the early twenties, even that brew was a little weak.
When elected in 1915, the Labor Party was committed to nationalisation of hospitals and charitable institutions. Two years later, there was still nothing on the statute books, partly because the Legislative Council had succeeded in obstructing these along with other reforms, and partly through lack of finance.

But when, in 1923, with no Council to block this kind of proposal, the government again brought before the House legislation on health care, the notion of nationalisation had been dropped. The Hospital Bill of 1923 provided for new ways of administering hospitals, but not on a centralised basis. There was to be no further legislative action of any significance until Hanlon's 1936 legislation repealed all previous Acts and set in progress the machinery for Queensland's free hospital system of the 1940s.

Opposition to the piecemeal reform of the 1923 legislation lay in the fact that much of the labour movement emphatically endorsed nationalisation. A lot of the impetus for this seems to have come from as much a desire to bring a contemptuous and reactionary profession to heel, as to make health care freely available. There was continuing hostility between the British Medical Association (the doctors' organisation) and the Labor Party, inside and outside parliament in the twenties, and later, in the next decade, a particular skill exercised in liaison with these two groups has been attributed to Sir Raphael Cilento in ameliorating the situation.

In 1920, when there was much clamour over nationalisation, the Friendly Societies (voluntary insurance bodies) were at the peak of their activity, and the Casket lottery was inaugurated. These events highlight the critical problem of finance in relation to the nationalisation goal. The 1917 legislation foundered partly on lack of money. Did the failure to raise loan funds in 1920 contribute to this problem?

Examination of loans to be made by the state government from the
Loan Fund Account to local authorities reveals that hospitals were, in fact, on the list of bodies requiring this kind of assistance in the early twenties, and may therefore have suffered in any general restriction. But the amounts were small, and there is no evidence of major funding proposals from loan funds in the health area. However, it is also true that any examination of the government's record in the twenties shows that lack of finance generally was a repeated plea in defence of inaction in respect of not only legislation, such as the deferring of the Child Endowment Bill in 1926, but also specific departmental operations, such as care for inebriates and the insane. Thus: "Lack of finance, and the unwillingness to set aside sufficient finance for health and welfare, contributed to the low levels of child and family services in the 1920s."

Requests for assistance and reforms in the field of care for the mentally ill were constantly turned down, even for the most basic provision and modest expenditures. The Toowoomba Mental Hospital, for example, was repeatedly denied basic funding in the twenties.

The problem, however, in assessing reasons for the slow development of health services at this time, lies in trying to determine the relationship between lack of money overall, and the unwillingness to use it anyway, in this field. There is some evidence to suggest that health, like education, although a concern of the labour movement and the Labor Party, was not a priority of the Theodore government, and further, that relations with the dispensers of health care were at least as problematical as were those with teachers. Scrutiny of certain events shows a curious mixture of hostility and deference to the medical profession. Thus, doctors were to be excluded from hospital board representation under the clauses of the 1923 legislation, and a residual hostility to the British Medical Association persisted for many years. This has been explained in terms of anti-intellectualism. On the other hand, not once in the long, controversial and rebellious career of the medical man responsible for the care of the state's insane, Dr Ellerton, did the home secretary or Cabinet call him to account, exhibiting a persisting unwillingness to question his decisions in respect of patients, no matter what public outcry these generated.

The supply of money and the confused relationship with the medical profession were the two things which changed noticeably in the late thirties, at the time of the introduction of the famous state hospital system. Finance remained an issue until it was settled during the office of the Federal Labor governments of the forties. It was a constant problem twenty years before, but there exists now little evidence that if the loan-raising mission of 1920 had not been unsuccessful, the pro-
vision of health care would have benefited in other than vaguely accidental and localised ways. However, the more theoretical connection between the lesson of the embargo and the strengthening of conservative policies within the Parliamentary Labor Party (which may have served to retard needed reforms in health services), was another, less direct effect of the action of the pastoral lobby.
If there was one particular set of initiatives involving humane and enlightened reform, for which the Labor governments of Ryan and Theodore were to be remembered for decades, then it was in the area of the law and judiciary and their operations. Indeed, with respect to one issue, capital punishment, the Theodore government acted to end a practice which has, sixty years later, been a major issue, periodically, in other Australian states. It was the most celebrated of the law reforms of the early twenties, and symbolically was the first legislation enacted by the new unicameral parliament in 1922.

At the time, it was one of a cluster of concerns, acted upon both in parliament and executively, which the Labor Party had about the law. Indeed, the abolition of capital punishment, was, by the time of its enactment, an uncontroversial issue in Queensland, if only because other issues made it relatively so. It was an idea fought about twenty years before in the Labor Party, and once its location on the party platform had been assured, there was little dissension about it. It had been put there at the insistence of the party rank and file, but there was no evidence that state members were as lukewarm about it in the Ryan government as they had been at the turn of the century. In 1916, the first attempt to legislate it was defeated in the Upper House. Its enactment was to wait until 1922, but there were no executions in Queensland after the 1915 elections, as the government organised commutation executively for every death sentence passed. The conservative press and the judges of the Supreme Court were uncharacteristically quiet when it was passed into law in July 1922.

About some of the other law reform concerns of the Labor Party, these people were not so quiet. These other concerns included intervention in shortening prisoners' terms of imprisonment; legislating a retiring age for judges; amendments to the Jury Act — admitting women and abolishing property qualifications for jurors; threatened
action to promote mobility between the barrister and solicitor branches of the legal profession (a "Legal Practitioner Act of 1920" was not proceeded with);48 the abolition of the District Court;49 and earlier, the establishment of the Office of Public Curator.50

Most of these matters, when raised, provoked reaction from the legal profession and conservative politicians, often the same people, especially in the Legislative Council. This reaction ranged from individual letter-writing and lobbying to the extraordinary appearance of Justice Real before the Lower House to speak against the Judges Retirement Bill in 1922.51 Another response was the request to Governor Nathan to reserve this same Bill, from the five justices of the Supreme Court;52 and yet another, the refusal of Chief Justice Pope Cooper to determine any sentences whatsoever, for a while, as retaliation against Ryan and Fihelly's executive shortening of some terms.53 But, apart from the outcry against the abolition of the Legislative Council, nothing encountered so much sustained opposition as the progress of Thomas McCawley to the Supreme Court.

On 11 March 1920, the Daily Standard reported two leading news stories with equal prominence.54 One item concerned the formation of the "stinking fish" delegation of Philp, Cowley and Walsh to leave for London; the other, the success of the government's appeal to the Privy Council over the High Court and Supreme Court's objections to the admission of Judge T.W. McCawley of the recently-formed Industrial Court to the Supreme Court. Within eighteen months, the success of the delegation's work was a major consideration in McCawley's endeavouring to arbitrate on wage levels. Because McCawley's role and position mobilised conservative legal reaction, and because also, he was charged with the responsibility of the judicial implementation of the government's industrial relations legislation, and saw his role as an extension of the Ryan government's legislative initiative, it is proposed to focus specifically on him here to: firstly, assess the government's concern to use the law as it existed to further its policies; secondly, to examine some of the dilemmas which arose from this harnessing of the law; and thirdly, to see which of these was complicated by financial difficulties of the time.

Born in 1881, McCawley was a Catholic from Toowoomba. He was appointed Crown solicitor in 1910 by then Attorney-General O'Sullivan.55 When the Ryan government looked for judges to preside over the newly formed Industrial Court, 1917, it was not slow to adopt Theodore's recommendation that McCawley be one of them. He had already been closely associated with Ryan in his 1916 appeals to the Privy Council, and had demonstrated "clear and concise knowledge
of the law". In the 1917 and 1919 industrial disputes involving railway and meat industry unions respectively, McCawley was a central figure arguing for the authority of the Arbitration Court. It seems clear that he conceived of himself as one implementing through the law, social justice as envisaged by the Ryan and Theodore governments. He held, moreover, that the new sciences of economics and political science would be critical in making reasonable assessments of wage levels and the ability of employers to pay. The authority of the court to engage in scientific wage level determination had to withstand union pressures to act outside industrial arbitration in his terms, and hence his role in the strikes before 1920.

The converse and longer term perspective, of course, is that the Ryan and Theodore periods saw the triumph of the containment of militant unionism by the use of the law to codify economic resolution of class differences, and this was very precisely and consciously a goal of both Theodore and McCawley, bringing both into conflict with much of the labour movement on the one hand, and conservative political and legal forces on the other. These latter erupted when the government moved to have the president of the Court of Industrial Arbitration admitted as a judge of the Supreme Court, the eventual success of which move, over concerted opposition from the existing groups, was announced in March 1920. By this time, the number of persons working in Queensland under state awards had moved from nil in December 1917 to 100,000 in March 1920. McCawley's appointment and elevation corresponded with this watershed in Queensland's industrial relations.

Within two years of his admission to the Supreme Court, McCawley was to become chief justice, with the impending forced retirement of Pope Cooper. Amongst other matters, he was to preside over the Sleeman/Connolly Appeals at the end of that year. But he died in 1925, a life cut off at the same age as Ryan's had been, four years before. His short and spectacular career demonstrated both his own abilities and talents and the government's determination to proceed with "alternative" office-bearers to execute at least some challenges to conservative hegemony. One is left to wonder why other McCawleys were not found in other areas of endeavour, especially the state enterprises. Perhaps a "McCawley" influence would have tempered McCormack's extreme reaction in the 1927 railway dispute.

Although McCawley was virtually automatically in conflict with the militant wing of the industrial movement in the execution of his duties for the Industrial Court, he was also at odds with employers and the owners of capital. In challenging their power by the setting of a
minimum wage in 1921, and also in setting wage levels in respect of particular industries (such as for shearers) well above national figures, and often contradicting national trends downwards. McCawley, although never personally attacked, became part of the general picture of a policy of "financial recklessness" which was painted every day in the conservative press of the early twenties, a profligacy reviled by responsible citizens and employers.

No-one at the inception of the Industrial Court would have dreamed that within a very short time, those employers who came to resist and resent McCawley's judgments would include among their ranks the state Labor government, with Theodore at its head. Responsibility for this state of affairs can be attributed to the loans crisis. In recommending a minimum wage level of £4.15.0 in 1921, McCawley found himself not only in the classic dilemma of not satisfying the wage-level sought by the trade union movement, whilst simultaneously being under pressure from employer groups like the Mt Morgan Mining Company, but also in the unusual situation of a conflict with Theodore, precipitated by the shortage of loan funding required by the state government for salaries and wages of public servants. The retrenchment program did not really get underway until after McCawley's judgment, Theodore having desired reduced wage levels to keep retrenchments down. Theodore's apparently enforced departure from an attitude of support for arbitration so early in its operation in Queensland may have done considerable damage to the government's credibility with moderate labour opinion.

No-one else played a role similar to McCawley at this time. Other senior legal figures fitted more readily into anti-government postures. Of the justices of the Supreme Court affected by the new law on retirement ages, Justice Real was the one most commonly associated with minority and enigmatic rulings, yet it was he who appeared in the parliament to debate the proposed legislation. None of the judges replacing those retired by the 1922 Act were obviously political appointments. In the Ryan and early Theodore years, however, an interesting relationship evolved between the components of the Executive and the Legislative Council, the Supreme Court and the chief justice. On more than one occasion, radical legislation was to be challenged in the Australian Supreme and High Courts, only to be endorsed by the Privy Council. Governor Goold-Adams was to resist pressure from the Supreme Court and Chief Justice Pope Cooper and, by 1920, was reporting to the secretary of State for the Colonies that there was an undesirable tension in Queensland between the Judiciary and the Executive. Governor Nathan was to accept the advice of the
Crown solicitor and attorney-general in declining to reserve the Judges' Retirement Age Bill at the behest of the Supreme Court judges, and later revealed that he had been advised on this by the English authorities in giving reasons for being unsympathetic to a deputation seeking withholding of assent to the Bill for the Abolition of Legislative Council.63 (Correspondence between Arthur Berriedale Keith and Sir Arthur Stanley in Britain during the course of 1920 reflects the view that imperial "disallowance" of undesirable legislation was generally discounted as a tactic. It was, wrote Stanley, an inferior strategy to the cutting off of supplies not only because of the possibility of electoral reaction, but because it would allow Theodore "to escape from the very difficult position in which he finds himself".)64

So a conservative judiciary was unable to thwart radical legislation assented to by governors on advice which seems to have taken some account of the strength of anti-Imperial sentiment in Queensland.65 The main representatives of this force in Queensland affairs were bundled out by a Theodore clearly more hostile to the legal profession than Premier Ryan had ever been, but, to a large degree, the Labor government’s victory was more symbolic than real. This may well have been London’s assessment of the situation, for the continuing financial strain imposed by the government’s enemies was to subvert a more threatening experiment with the law, and force the government into the invidious position of arguing against the assessments by the very body it had set up to conciliate socio-economic tensions in the "country". Indeed, if any one event was, at a fixed point, the measure of the government’s change in posture from that of mid 1920 as a government of worker’s representatives being bullied by Imperial capital, to that in mid 1924 as a "subservient managing committee for the bourgeoisie",66 then it was when, in 1921, the government objected to a wage level set for public servants by an instrument of its own innovative making, and by its principal agent, Justice McCawley.
Part 5
Conclusion
17 **The "Blanching" of Queensland**

On the evening of Friday, 10 September 1920, Premier Theodore announced to supporters in Exhibition Hall, that the matters requiring a "considerable expenditure of funds" which he had recently failed to obtain included: land settlement, immigration, railway construction, road building, water conservation and irrigation, erection of workers' homes, the State Iron and Steel Works, and the expansion of State Enterprises. He warned that the destructiveness of the embargo had "calamitous" implications and would require "drastic" changes in policy direction.¹

Exactly what effects the loan shortage caused has been the focus of this study. It was stated initially that this problem would be largely one of dissecting the degree to which the action of capital gave rise to direct consequences (intended and otherwise) as distinct from a mere exacerbating, or "irritating" effect on existing patterns of activity. It is useful to consider these outcomes in two broad groups: the impact on the government's policies and programs being the first, and the effect on political coherence and affairs constituting the second.

Further, it seems reasonable, for this purpose, to divide the policies and programs of the Theodore government into four "consequential" categories: those involving no apparent effect; those involving a largely incidental effect; those involving a complicating or multiplying effect; and those constituting a direct target of the action.

There were some matters, such as Aboriginal policy, where the government was simply not undertaking new initiatives. The ongoing administration of affairs was not affected by the scarcity in the loan fund. Similarly, there were certain policy commitments of the Theodore government in the *early* twenties which simply proceeded uninterrupted. Divorce law reform and the abolition of capital punishment were examples.

The category of "incidental" consequences included health policy,
assistance to soldier settlement programs, aid for the mining industries, and arguably, education policy.

Although it has been suggested that more finance may have assisted the development of social services, there was no clear priority allocated by the government to this field. Indeed the evidence suggests that once nationalisation had been blocked (before 1920), what impetus for health care reform there may have been, was lost. Nevertheless, some hospitals suffered from the general lack of assistance which resulted from the depletion of the loan fund account.

The soldier settlement program was generally a failure. This difficulty was shared with most other Australian states. There is no clear link at all between this failure in Queensland and the loan embargo, except in the general criticism of Queensland’s unwillingness to absorb migrants. The agonising about it in the contemporary press took the form of criticising the planning and conception of the schemes. Besides, soldier settlement was also a Federal concern.

The mining industries have been depicted as entering such a dramatic period of slump, that no amount of state capital could have alleviated or reversed the situation. The State did, of course, have its own mining ventures, but these were themselves to prove impossible to sustain profitably. However, one consequence of the money shortage was the loss of any possibility of a major coal-mining operation in the Bowen area in support of the steel works.

Although Secretary for Public Instruction Brennan was to assert that education was in difficulty because of the lack of loan finance, there is little indication that extra money would have been spent had it been available and, in any case, the priorities for such spending were signalled by the "Billy Tea" syndrome. Initiatives at Cabinet level for radical educational reform did not exist to be impeded for want of money.

The third consequential category of results of the embargo comprises arbitration policy, the water conservation and railway construction schemes for land development, and the cotton "story". In each of these areas, the government’s options and intentions were compounded as a result of the embargo.

In arbitration, as observed in chapter 16, the government was forced into a position of opposition to an instrument of its own design, the Industrial Court and Justice McCawley. It is now difficult to know whether such an attitude would have been adopted if Theodore had returned in September 1920 with the loan. But retrenchment was initiated soon after McCawley’s 1921 judgment, and was seen to be caused by the lack of loan money, together with the new minimum
wage. Clearly, the government's industrial relations were adversely affected, and whilst it is factitious to attribute responsibility for this solely to the state of capital, there can be no doubt that the government's problems with Public Service wage levels were generated by its lack of liquidity.

The land settlement schemes of the Labor Party were major capital intensive ventures. Whilst they were not aborted by the action of the pastoral lobby, their growth and development were markedly inhibited. There were thus delays in the opening of the Dawson and Burnett Valley schemes, and in the railway building program. This led in turn to a sustained plea by the state government for Federal assistance for Queensland to meet its obligations in regard to immigration, which was in its turn countered by charges of breaches of undertaking from the Federal government. This conflict remained unresolved over most of the period, and underlined the contradictions in Labor's calls for the urgent populating of the north.

The cotton "story" as traced in chapter 8, tends to bring into question some existing generalisations concerning Queensland Labor and the farmers. But the lack of direction and clear thinking by Queensland's agricultural policy makers was largely due to their inability to separate the concerns of the industry from the demands of British industrialists. Independent decisions on the ratoon question would clearly have been facilitated by a state manufacturing enterprise, but this was just one of the hoped-for expansions which did not eventuate. The government was forced instead into an agreement with the British Cotton Growing Association, which henceforth dictated terms. An immediate market for Queensland's growers was thereby assured, but the longer term stability of and support for the industry was permanently undermined by the lack of state resources. Cotton lost its special promise as a means to the end of closer settlement and became yet another raw export commodity in Queensland's dependent economy.

The fourth category of consequences of the pastoral lobby's action involved the "direct hits". These were the State Iron and Steel Works, the importance of which has been described (chapter 10); and the significance of which resides in the new light it throws on the ambition of Labor in Queensland at this point. There has been no evidence in the sources on this subject that the proposal was in any sense a case of posturing on the part of the state government, and there is no record of any lack of sincerity in pursuing it on Theodore's part. With the technical encouragement he received in the United States, and the precedent of state-owned mills in the rapidly industrialising Japan,
there was no hint of an obstacle until the embargo was imposed.

As well as this major undertaking, some lesser projects were quashed by the drop in available funding. Many of these were "local authority works", but others included specific government undertakings — for example, the "workers homes" scheme. holiday

Finally, wage reduction, retrenchment and, in the last three years, greatly increased unemployment were direct consequences of the government's new inability to fund its projects. "Balanced budgets", reduced unemployment, salary reductions applying to high incomes, and a modest continuation of rail building and irrigation were all nevertheless achieved by the Theodore government by 1923 and 1924, much of it through the Wall Street loans. Clever though some of Theodore's financial juggling appeared to be, it was a defensive performance to keep government activity afloat on a reduced basis, to spread the impact of depleted loan funds as evenly as possible, a wholesale retreat from the expansionary ambitions of 1920. It was also achieved at the cost of substantially embittered relations between the Labor government and the trade union movement.

Although there was no vigorous strike action against the Theodore government, by 1924, the rifts in Caucus led to Theodore's temporary removal from the leadership. The government was destabilised by profound disagreements within its ranks, particularly over industrial issues, such as the forty-four hour week. The increasingly familiar pattern in Labor governments of the estrangement of a Cabinet elite from its full parliamentary Caucus often occurred over industrial relations issues, and Theodore's defence for his conservative positions was normally couched in terms of financial responsibility, an awareness of which had grown so keen in him since the "misunderstanding" of 1920. But the loan settlement so isolated him that his actual and formal withdrawal from state politics was inevitable in the last six months of 1924. On the question of rifts, it must also be said that local business interests were divided over the embargo, and splits and confusion appeared immediately it was imposed. But tensions already existed in the State between the various "factions" of capital (see chapter 7), and it is arguable that the pastoral lobby's involvement simply revealed these more starkly.

The destabilising of the government which this book has argued was an effect of the loan sanctions, had principally short-term aspects, which the government survived. (These were examined in part 3.) Although the loan compromise dramatically signalled Theodore's palpable loss of respect among supporters, his ambitions in the direction of Federal politics had been evident before 1924. It was, after all,
simply a matter of continuing the identification with Ryan's career.

But the economic destructiveness of the lobby's sanctions had more than short-term implications. True, the State recovered from unemployment and government retrenchment and, by 1924, Queensland's unemployment figures were not greatly dissimilar from the rest of the Commonwealth. But the agricultural promise of cotton appeared broken by the end of 1924, and the heavy industry schemes were shelved, quite incapable of support.

Apart from clear political and economic outcomes of the 1920 embargo, this study has also been concerned to depict the gradual change of character which overtook the Queensland government. Here, distinct problems of cause and effect arise. The tendency for Labor governments, long in office, to grow less zealous in pursuing their own platforms has become an Australian stereotype. And even if the intention of the conservative intervention was deliberately and consciously to "bring Theodore around", there can be no denying the possibility that his and other frontbenchers' distance from the rank and file may have been quite considerable without the embargo.

The greatest testimony to this change is in the Parliamentary Debates. This notion of a shift in character was suggested at the outset of this study. The evidence is comprehensive, and its central feature is the break in legislative programs in 1923, and deliberate policy reversals, such as the "no more state enterprises" position. In this neatly-executed frustration of the hopes of early Queensland Labor were the beginnings of an ossification of policy which was to endure to the 1950s. To the latter-day student of Queensland's affairs, no other concise episode accounts so logically for the contrast between Queensland government political attitudes in 1915 and those in 1985.

The agency in this ossification process was the pressure exerted over four years rather than the 1924 solution itself, which was negotiated single-handedly by the premier. Although the seeds of the Labor government's diversion from its path of socialist reform were apparent in its earliest days, or even, as Childe would have it, were bound to germinate in the very nature of the Labor idea, the pastoral lobby left its particular stamp on the future development of the State.

No later government developed the same broad design for social change. Subsequent Labor administrations retreated from such, and the Country and National Party governments moved in new directions altogether. The populist agrarianism of the Forgan Smith and succeeding Labor governments may indeed have had its roots in the administrative changes in agriculture of 1923, but the economic focus of the seven years from 1915-22 was by no means as narrow.
No government after 1922 again set about the plan to industrialise Queensland, despite tentative nibbles at the idea of a private enterprise steel industry. The state's role as a functional economy of the northern hemisphere centres of capital, was assured, and has remained unchanged since. The Bjelke-Petersen government indeed took a special pride in reinforcing this dependence.

No real move against this economic role for Queensland ever developed sufficient momentum to make it historically conspicuous. But the Bowen Steel Works were more than a mere plan.

It would seem that Theodore drew the lesson from the period of his premiership that the country should obtain better control of its banking, and this necessitated Federal political intervention. A small part of his future career saw him arrive in this arena, however briefly, but it is unlikely that the scope of his original notions on this score has ever been realised. Whilst this study has consciously attempted to avoid speculation on Theodore's motives and reactions (there is a singular lack of data on this), the evidence in the Parliamentary Debates and the State Archives suggests that if there was a period of rapid disillusionment and embitterment with the action of the pastoral lobby, then it had run its course by 1922 and, after that, Theodore and his ministers distanced themselves from the more outraged reaction manifest in mid 1920.

But in others, the outrage turned to cynical bitterness at the government's ultimate capitulation. Childe had already arrived at a general rejection of elected Labor's aims. For him, the lobby's action had simply exposed "the fatuity of theories which promise the transformation of capitalism by evolutionary means"; [it had been] "precisely in Queensland that evidence for the feasibility of such politics might have been sought". For Childe, the difference between Labor in Queensland and Labor anywhere else, was that the progress of policies enacted by parliament was sufficiently radical to force capital to resort to its "proper weapons".

That these were deployed with devastating effect is the conclusion of this study. The impact on certain economic programs was profound, and on others, significant. State politics altered course, with an early election the first point on this new tack. But most importantly, the whole strategy of Labor's programs, the ideological posture of the reform government, changed remarkably and permanently. In Theodore's terms, the London settlement may well have appeared a compromise, an accommodation. But, in any other light, there can be no doubt of the victory of capital. Its response to Queensland's socialist program was a wholly adequate exercise in containment.
By 1924, this "one black spot in White Australia" was well on the way to its ultimate blanching.
Appendix 1  The London Pastoral Lobby*

A. 1920

The following is a list of companies represented by the British Austral­

Asian Society (the lobby). The "Bishopsgate resolution" (an expression

of opposition to the Land Act) of 25 June 1918 had a number of

signatories and, where appropriate, the names in brackets show these

signatories together with the company represented. On 27 January

1920, these companies put their names to a cable of protest to Brisbane.

   Antony Gibbs and Sons
   Australian Estates and Mortgage Company (Williamson)
   Australian Mercantile Land and Finance Company (Caird)
   Australian Pastoral Company (Keating)
   Bank of Australasia (Jeans)
   Dalgety and Company (Davison)
   English Scottish and Australian Bank (Jameson)
   London Bank of Australia (Barber)
   New Zealand and Australian Land Company (Bonner)
   New Zealand Loan and Mercantile Agency Company (Laing)
   North British Australasian Society
   Scottish Australasian Investment Company (Turner)
   Trust and Agency Company of Australasia (Bright)
   Union Bank of Australia (Willis)
   W. Weddel and Company (Weddel)

* This material is from the Queensland State Archives (Premier's
Department, Correspondence, PRE/A796).
B. 1924

Notes in Theodore’s hand record that he met with some or all of the following people on 13, 14, 17, 19, 24 and 27 March 1924 to negotiate the settlement. Only Williamson (Australian Estates and Mortgage Company) was present at all meetings. Affiliations were not given by Theodore except where shown in brackets.

- Turner
- Keating
- Slade
- Lord Glendyne (i.e., Nivison)
- Norman (governor of the Bank of England)
- Sir John Simon
- Sir (illegible) Leese
- Sir (illegible) Worthington Evans
- Sir John McWhae (agent-general for Victoria)
- Sir Arch. Weigall
- Phillip Snowden (chancellor of the Exchequer)
- J.H. Thomas (secretary of State for the Colonies)
- Mill (Times)
- Lord Burnham
- Lord Lamington
- Lord Stafford
- Lord Fitzallen
- Payne (Lloyds)
- Sir Arthur Balfour
- Lord Haldane

This is not an exhaustive list.
Appendix 2  Loan Fund Account Estimates

The following tables show account estimates for the Loan Fund over the early twenties, with other years shown for the purpose of comparison. The tables are:

**Table A**  Loans to local bodies: 1915 to 1924  
**Table B**  Examples of Works funded in Table A  
**Table C**  Total loan expenditure: 1919 to 1924  
**Table D**  Loan funding of state enterprises: 1919 to 1924  
**Table E**  Selected loan expenditure appropriations: 1919 to 1924.

Sources are shown at the title of each table.

**Table A**  Loans to local bodies: 1915 to 1924  

<table>
<thead>
<tr>
<th>Year</th>
<th>1915–16</th>
<th>1916–17</th>
<th>1917–18</th>
<th>1918–19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>£537,918</td>
<td>£430,738</td>
<td>£301,777</td>
<td>£414,883</td>
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</table>

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Amount</td>
<td>£849,209</td>
<td>£845,307</td>
<td>£428,347</td>
<td>£557,623</td>
<td>£676,291</td>
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### Table B  Examples of works funded in table A, i.e., as loans to local bodies
(Random examples from 1923 Queensland State Archives Treasury Department. Index to Executive Council Minutes, TRE/F, 1923.)

<table>
<thead>
<tr>
<th>To:</th>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rockhampton Harbour Board</td>
<td>Bank Protection for Fitzroy River</td>
<td>£9,000</td>
</tr>
<tr>
<td>Coorparoo Shire</td>
<td>Drainage, Pembroke Rd</td>
<td>£10,000</td>
</tr>
<tr>
<td>Rockhampton Girls Grammar</td>
<td>Renovations</td>
<td>£128</td>
</tr>
<tr>
<td>Maryborough City Council</td>
<td>Electric Light and Power Scheme</td>
<td>£10,000</td>
</tr>
<tr>
<td>Cairns City Council</td>
<td>Erection of Incinerator</td>
<td>£3,590</td>
</tr>
<tr>
<td>Sherwood Shire</td>
<td>Purchase of Land for Park</td>
<td>£1,700</td>
</tr>
<tr>
<td>Kedron Council</td>
<td>Streetworks</td>
<td>£2,250</td>
</tr>
<tr>
<td>South Brisbane Council</td>
<td>Improvements to Mt Gravatt Cemetery</td>
<td>£400</td>
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</table>

Table C  Total loan expenditure: 1919 to 1924
(Auditor General’s Report p. 11, being p. 92 of Queensland Parliamentary Papers 6 [1924])

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
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<tbody>
<tr>
<td>1919-20</td>
<td>£4,797,864.12. 6</td>
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<tr>
<td>1920-21</td>
<td>£4,251,248. 8.11</td>
</tr>
<tr>
<td>1921-22</td>
<td>£2,599,572.11. 9</td>
</tr>
<tr>
<td>1922-23</td>
<td>£3,701,749.16. 7</td>
</tr>
<tr>
<td>1923-24</td>
<td>£4,650,198.17. 4</td>
</tr>
</tbody>
</table>

Table D  Loan funding of State Enterprises 1919 to 1924
(Queensland Parliamentary Papers 6 [1924]: p. 365)

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
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<tr>
<td>1919-20</td>
<td>£174,133</td>
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<tr>
<td>1920-21</td>
<td>£ 49,298</td>
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<tr>
<td>1921-22</td>
<td>£ 50,145</td>
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<tr>
<td>1922-23</td>
<td>£ 80,043</td>
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<tr>
<td>1923-24</td>
<td>£ 48,914</td>
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</table>
Table E  Selected loan expenditure appropriations: 1919 to 1924
(Queensland Parliamentary Papers, "Estimates of Expenditure from the Loan Fund Account", 1920-24)

<table>
<thead>
<tr>
<th>Department</th>
<th>Appropriation*</th>
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<tbody>
<tr>
<td></td>
<td>1919-20</td>
</tr>
<tr>
<td>Premiers (Soldier Settlement)</td>
<td>£400,000</td>
</tr>
<tr>
<td>Public Works</td>
<td>£273,000</td>
</tr>
<tr>
<td>Treasurer (Loans to local bodies)</td>
<td>£700,000</td>
</tr>
<tr>
<td>Public Lands</td>
<td>£35,000</td>
</tr>
<tr>
<td>Agriculture and Stock</td>
<td>£45,000</td>
</tr>
<tr>
<td>Mines (State Steel Works)</td>
<td>£66,000</td>
</tr>
<tr>
<td>Railways</td>
<td>£2,200,000</td>
</tr>
</tbody>
</table>

* Not the same as amount expended, viz., difference in Table A (Loans to local bodies)
** Estimated prior to loan failure
*** Includes irrigation and main roads (added in this year)
Notes

Part 1

1. The works of D.J. Murphy and R.B. Joyce, M. Cribb, E.M. Higgins, K. Knight, G.
Lewis, M. Sullivan, to mention a few, contribute to this picture. They are listed in
the Bibliography, Secondary sources.
3. The legislative action of these governments has been documented in various of D.J.
Murphy's works, especially *T.J. Ryan. A Political Biography; Queensland Political
Portraits, 1859-1952*; and *Labor in Power*.
4. Raymond Evans, "Loyalty and Disloyalty. Social and Ideological Conflict in
Queensland During the Great War", (Ph.D.).
5. Evans, "Loyalty and Disloyalty", p.505.
8. Both local, such as the *Brisbane Courier*, and in England, the *Times, National Review*,
etc.
9. Vere Gordon Childe (writing as "An Ex-Ruler"), "When Labour Ruled in
12. Analysis of this has been undertaken by C.B. Schedvin and B. Irving; "A Confidential
of the changes intended; unemployed worker insurance, "nationalisation" of the
Brisbane Tramway Company, amendments to the Succession and Probate Duties
Act.
14. This was the story published in issues of the *Brisbane Courier*, (e.g., 12/3/20, p.4;
15/3/20, p.5).
15. Stanley to Keith, 24 June 1920, Arthur Berriedale Keith, Papers 1901–1940, Gen
143/5.
16. There is some conflict in the sources about whether Theodore in 1920 sought £3m,
£4m or £9m. B. Schedvin has used the figure of £3m initially, £9 "later". The *Daily
Standard* (4 June 1920, p.4) referred to a £9m loan, of which £3m was for steel works.
The figure in the "sum required" column for 1920–21 of the *Queensland Parliamentar­
ry Papers* Estimates of Expenditure from the Loan Fund Account was £4,003,484
(p.439). Hence the figure given here.


22. Ibid., p.179.


25. The Queensland Cabinet was taken by surprise by Theodore’s move, as evidenced by extensive cable communications in March 1924 of Gillies to Theodore, 24/3/24, Queensland State Archives, PRE/A/796/3671/24/Chief Secretary.


28. Ibid., p.272.

29. D.J. Murphy, Queensland Political Portraits, p.319.

30. Ibid.


35. Evans, "Loyalty and Disloyalty", p.175.

36. I. Young, Theodore, His Life and Times, p.40.


40. Ibid., p.125.


42. Daily Standard, 3 February 1921, p.5.


45. For example, Bright to Keating, 14 April 1920, Deane to Keating, 19 July 1920, in Sir Antony Gibbs, Papers of Sir Antony Gibbs and Son Limited, 1887–1930.

46. Murphy, Queensland Political Portraits, p.282.

47. Raymond Evans, "Loyalty and Disloyalty".


49. Ibid., Bright to Keating, 16 April 1920.

50. Queensland State Archives, Premier’s Department. Correspondence PRE/A/796/3671/24/Chief Secretary.


52. The Brisbane Courier was owned by a succession of family-based companies, consistent with the pattern of ownership of other Queensland newspapers. Similar to the later Courier-Mail, it consistently supported the Liberal as distinct from the Country Party faction in parliament.


55. An example was on p.6, 28 January 1920.

56. See chapter 14.
57. This is described in P.K. Jordan's thesis, "Mental Health Services of the Queensland Government, 1920–1962, an Historical Study".


60. Australia. Commonwealth Bureau of Census and Statistics. Official Yearbook of the Commonwealth of Australia, 1925, no.18, p.896. "Masculinity" in Western Australia was higher, at 7.29, but all other states were much lower, the next highest being New South Wales at 2.09.

61. See chapter 8, section "Work and Wages".


63. Ibid., p.1,151.

64. These facts are assembled from a variety of sources. These include the newspapers already mentioned, and oral accounts, viz., that of Bernard Flewell-Smith (oral accounts of the Committee of Direction and Personal Reminiscences of the 1920s and Earlier, recorded July 1981).

65. Murphy, Queensland Political Portraits, p.276.

66. Ibid., p.278.

67. Gibbs, Papers, e.g., Robinson to Keating, 24 February 1919, MS 11093.

68. However, Appendix 1 lists the details of the companies and their representatives with whom Theodore met in London.

69. A search conducted by the Australian Archives on the resolution of the loan embargo in 1924, and possible involvement by the prime minister was unproductive. [Letter dated 24 February 1983, from ACT Regional Office, T.M. Exley.]

70. Verbal information from the Department of Public Service Board, June 1983.

Part 2


2. Ibid., p.360.


4. In the 1920s, this was occurring in the west of the state (as reported in July 1923 issues of the Brisbane Courier).

5. Murphy, Labor in Power, pp.223,224.

6. That is, for the Ryan government, see D.J. Murphy, and R.B. Joyce eds, Queensland Political Portraits, 1859–1952, p.276.


8. An example of contemporary discussion in the press can be found in the Daily Standard, 16 October 1922, p.4.

9. Soldier settlement failures were reported consistently in the Queensland press in the early 1920s, and the blame was sometimes attributed to lack of state finance (see e.g., Brisbane Courier, 20 August 1924, p.7).


11. Ibid., 4 December 1922, p.7.


13. 1921 was the worst year for these. It was the year of the Mt Mulligan disaster, as well as rock bottom prices: see Brisbane Courier, 29 December 1921, p.6.


16. Lewis, A History of the Ports of Queensland: A Study in Economic Nationalism, p.188.

17. Ibid., p.191.

21. 2 January 1924, p.5.
31. For example, in documents tabled in the House by Forgan Smith, *Brisbane Courier*, 7 September 1922, p.5.
33. *Brisbane Courier*, 10 January 1920, p.4.
35. This was clearly Theodore’s suspicion, e.g., in July 1921: *Brisbane Courier*, 16 July 1921, p.7.
42. *Ibid*.
46. Murphy, *Queensland Political Portraits*, p.327.
47. Australia. *Official Yearbook*, no. 18, 1924, p.595. (Queensland’s rate was third in the country by 1924, at 6.4%); *Brisbane Courier*, 28 April 1924, p.8.
55. *Brisbane Courier*, 10 January 1924, p.5.
56. Normally published promptly in the *Brisbane Courier*, e.g., 4 October 1924, p.7.
58. *Ibid*.
63. Mt Mulligan occurred in September 1921, *Brisbane Courier*, 20 September 1921, p.7: The quinquennial figures are from *Official Yearbook*, no.18, p.800.
64. See Brisbane Courier, 6 May 1921, p.7.
65. See chapter 11.
67. Ibid., 6 June 1924, p.7.
69. Ibid., pp.203–10.
70. Ibid., pp.197–202.
72. See the discussion of this in part 3.
73. Brisbane Courier, 12 March 1920, p.4.
74. Ibid., 15 March 1920, p.5.
75. Ibid., 13 July 1920, p.7.
76. There was a tightening of credit in London in 1920, but all other Australian governments seeking loans at that time were successful. New South Wales had raised one as recently as 23 June (Brisbane Courier, 24 June 1920, p.6).
78. Ibid.
80. In its reporting in January-February 1924, the Courier was merely speculative, not exhortative, about possible concessions required by the pastoral lobby.
81. QSA. Treasury Department, Loan Letter Book, A/8237.
82. G. Lewis, "Queensland Nationalism and Australian Capitalism", p.131.
83. See B.D. Graham, "The Place of Finance Committees".
86. Ibid., p.123.
89. Schedvin, "E.G. Theodore", p.32.
90. Brisbane Courier, 15 January 1921, p.5.
91. Ibid., 9 May 1921, p.6.
92. Ibid., 13 May 1921, p.7.
93. Ibid., 18 January 1922, p.5.
94. Ibid., 26 January 1922, p.6.
95. Ibid., 11 October 1923, p.7.
96. Ibid., 20 October 1923, p.7.
97. Ibid., 6 March 1924, p.7.
98. Ibid., 3 February 1921, pp.8–9.
100. Brisbane Courier, 23 April 1921, p.7.
103. Ibid., p.112.
104. As described by Murphy, *T.J. Ryan*, pp.320ff.
106. Figures from *Statistics of the State of Queensland*, p.19B.
113. This was the opinion of Bernard Flewell-Smith, Director of the Committee of Direction of Fruit Marketing for many years, interviewed in July 1981.
114. *Brisbane Courier*, 26 October 1922, p.5.
115. All statistics from *Statistics of the State of Queensland*, p.36H, p.39H.
118. Figures from *Statistics of the State of Queensland*, p.39H.
120. *Statistics of the State of Queensland*, p.19B.
121. QSA. Department of Agriculture and Stock. Bill Papers, A/33555. "Ratoon Cotton Conference. 15.8.1923."
127. QSA. "Ratoon Cotton Conference", p.3.
128. Ibid., p.33.
129. Ibid., p.46.
131. *QPD* 144 (18 September 1924): p.919. According to the *Queensland Agricultural Journal*, Gillies told Prime Minister Bruce at one point that he still did not know which of the 1923 and 1924 decisions had been the correct one. [QAJ 2 (August 1924): p.144.]
133. Ibid., p.1,300.
134. See table 9.
136. Verbal information from Mr Graham Gill, Queensland Department of Primary Industries, 9.6.82.
137. Lewis, "Queensland Nationalism", p.122.
140. C.A. Bernays, *Our Seventh*, p.111.
144. Murphy, *Establishment of State Enterprises*, p.22.
152. This striking prospect was evoked by the Bowen Chamber of Commerce when considering the possibility that the steel works might be located at a site other than Bowen, Bowen Chamber of Commerce, *State Steel and Iron Works*, p.11.
until the "Required for 1923–24" column in the 1923 volume shows no figure [1923 volume, no pagination]. See also Appendix 2.

155. At the Caucus meeting of 30 June 1922, Charles Collins (Bowen) complained that there was now no further mention of the steel works in a speech by the governor [p.81]. On 28 September 1921, "In reply to Mr Collins, the Chief Secretary intimated there was no immediate prospect of securing funds to undertake the erection of the Iron and Steel Works" [from Queensland Parliamentary Labor Party, Minutes of Meetings 1921, p.58].


162. Queensland. Royal Commission Appointed to Inquire into the Advisableness of Establishing State Iron and Steel Works, Minutes of Evidence.
163. Ibid., p.29.
165. Premier’s Batch 291, Brophy to Jones (secretary for Mines), March 1919.
166. QSA. Mines Department. Correspondence, A/8719 [advice to the Mines Department from a lawyer named Henchman].
170. Ibid., undated memorandum by Theodore.
172. Premier’s Batch 291, letter from Theodore to company, 24 February 1921.
173. Ibid., handwritten note by Theodore on letter from Stanley E. Green & Co. (Sydney) to Theodore, of 15 November 1921.
174. Frank Forde was one such claimant. QPD 137 (18 August 1921): p.138.

Part 3

2. See chapter 3.
4. See chapter 4, section "The Queensland Landscape".
6. The central concern of D.J. Murphy, in T.J. Ryan, A Political Biography.
7. A standard articulation of this view is by Ian Turner, Industrial Labour and Politics, p.96.
10. Ibid.
11. Ibid., p.249.
14. The role of such sentiments is explored further in chapter 15.
19. Ibid., p.145.
20. Police and teachers, though, were exempt from this measure: *Brisbane Courier*, 20 July 1922, p.5.
23. Ibid.
25. Ibid., 7 December 1923, p.7.
27. The *Brisbane Courier* paid great attention to this event: 28 January 1924, p.5; 1 February 1924, p.5; 2 February 1924, p.7; 14 February 1924, p.8. Fihelly gave his reason for resigning; Moses had ten commandments, Wilson his fourteen points, and Fihelly his three children. Gillies was stunned by it. Queensland State Archives. Premier’s Department. Letterbook of telegrams sent. PRE/01. Gillies to Theodore (in Vancouver), 1 February 1924.
33. This phrase was used by future Premier F.A. Cooper. *QPD* 137 (19 August 1921): p.192.
34. *QPD* 136 (7 December 1920); pp.545–48.
35. Nivison (Lord Glendyne) was present at some of Theodore’s London conferences in 1924. His role has been depicted by R.S. Gilbert, “London Financial Intermediaries and Australian Overseas Borrowing 1900–29”, pp.39–47.
40. See chapter 13.
44. The term “country” was in everyday use, meaning “State”, and occurred repeatedly in the speeches of members of both houses.
51. Ibid., p.1,773.
58. Humphrey McQueen used this term to describe other events such as the proxy
Notes to pages 100–116


59. This occurred on 21 September 1921, \(QPD\) 137: p.1,000.

60. So alleged by Theodore in August 1921, \(QPD\) 137 (11 August 1921): p.58.


63. Kennedy, "Bribery and Political Crisis", p.70.

64. Ibid., p.71.


66. \(QPD\) (10 July 1923): p.5.


68. \(QPD\) 141 (17 July 1923): p.85.

69. Ibid., p.94.

70. \(QPD\) 142 (16 October 1923): p.1,669.

71. \(QPD\) 143 (5 August 1924): pp.125, 126.

72. \(QPD\) 144 (23 September 1924): p.1,021.

73. Ibid., p.1,030.

74. \(QPD\) 141 (14 August 1923): p.435.

75. Ibid., p.446.

76. \(QPD\) 143 (5 August 1924): p.107.

77. This data is from Queensland. Parliamentary Labor Party, \textit{Minutes of Meetings}, 24 July 1924, p.180. (Access provided with permission of L. Yewdale, MLA.)

78. Ibid., p.181.

79. Ibid., pp.183–84.

80. \(QPD\) 143 (5 August 1924): p.111.

81. \(QPD\) 143 (5 August 1924): p.113.


83. \(QPD\) 143 (5 August 1924): p.120.

84. Ibid., p.106.

85. QSA. Premier's Department. Correspondence, PRE/A796/3671/24 (Chief Secretary). Note dated 2 April 1924.

86. \(QPD\) 143 (5 August 1924): p.109.


89. These are the terms used by P. Ehrensaft and W. Armstrong, "Dominion Capitalism: A First Statement", pp.352–63.

90. Again a term devised to describe an Australian national phenomenon in the twenties (P. Cochrane, "Dissident Capitalists: National Manufacturers in Conservative Politics, 1917–1934").

91. Evans, "Loyalty and Disloyalty".

92. Ibid., especially chapters 6–8.

93. Ibid., p.448.

94. K. Fewster, "Politics, Pageantry and Purpose: The 1920 Tour of Australia by the Prince of Wales", p.64.

95. QSA. Premier's Department. Correspondence, PRE/A/687. In letters/1920/no. 1782.


97. The July 1920 issues featured special background printing on royal themes, and the tone of hostility to the Labor government abated during reporting of the tour.


100. Ibid., p.63.

103. Bernays, Our Seventh Political Decade, p.7.
105. Ibid., p.9.
113. Ibid., p.614.
115. Ibid.

Part 4

1. The works referred to here are those listed in the bibliography by Connole, Goodman, Hanger, Hunt and Sullivan.
4. Ibid., p.214.
15. From Queensland. Department of Public Instruction, State Education in Queensland.
16. Ibid., p.47.
23. Ibid.
25. QPD 144 (23 September 1924): pp.1,021, 1,030.
26. Witherby was an associate of Childe's and resigned in 1920 when it became clear that the University of Queensland would not give him permanent status as director of the Workers' Educational Association (Murnane).
28. Sub-editor on the Worker, Freeburg had this to say: "The university is controlled by the class which is nourished on the proceeds of exploitation, by men who even
when equipped with much knowledge, or apparently progressive in their outlook are, nevertheless, saturated with bourgeois ideas." Daily Mail, 27/3/19, cited by Murnane, p.50.


33. Daily Standard, 8 May 1920, p.4.


39. Ibid., p.46.


43. Ibid.

44. Ibid., p.9.


47. Ibid., 20 September 1923, p.7.


49. Ibid., p.164ff.

50. Summary of the Acts of Parliament Passed During the First Session of Parliament Under the Ryan Labor Administration Which Commenced on 12 July 1915 and was adjourned on 22 December 1915.


52. Ibid., p.134.

53. Ibid., p.97.


56. Ibid.

57. Ibid., p.86.

58. Brisbane Courier, 1 April 1922, p.7.

59. Sleeman and Connolly were involved in the bribery scandal, see p.101.

60. Ibid., 15 May 1922, p.7.


62. Ibid., p.105.


64. Stanley to Keith, 24/6/1920, Arthur Berriedale Keith, Papers 1901–1940, Gen 143/5.

65. Ibid.


Part 5


2. Indeed Theodore raised the Dawson scheme as soon as he was aware of the 1924
settlement. He telegraphed Gillies on 5 April 1924: "with certainty of getting new money in June or July at favourable rates Cabinet may if they think it is advisable now decide to proceed with Dawson Valley irrigation proposal". QSA. Premier's Department. Correspondence, PRE/A796/3671/24/Chief Secretary.

3. William Forgan Smith mentioned this intended effect on housing in a speech on 19 August 1920... "there would be no more money available for building homes under the Workers' Homes Act...", QPD 135 (19 August 1920): p.82.

4. Childe would have had some satisfaction in knowing that from the outset, Lord Milner saw it as essential to force Theodore to deal with an economic sanction rather than allow him the soft option of a "constitutional smokescreen" by disallowing the Act: Murphy, Queensland Political Portraits, pp.317-18.


6. Ibid., p.284.

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- Contemporary journals
- Contemporary monographs
- Queensland State Archives
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- Private papers

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Aboriginal policy (of Queensland labor governments), 26, 124, 141
Adelaide, 27, 41
Agent-general, 77
agrarianism. See Parliamentary Labor Party, commitment to agrarianism
agriculture, 10, 30
bananas, 38, 60, 62
corn, 38, 60, 62
fruit, 37
nuts, 37
pineapples, 38, 60, 62
potatoes, 60, 62
tobacco, 60, 62
tropical, 37
Amalgamated Workers Association (AWA), 81
American loans. See Wall Street, loans
anti-German feeling, 21
anti-imperial sentiment, 30, 86, 113ff, 138
anti-reduction committee, 45, 87
Appel, J.G. (MLA, Albert), 75
Arbitration Court. See Court of Industrial Arbitration
Archives (Queensland), 20, 23, 31, 32, 55, 67, 111, 146
Argentina, 36
Armstrong, W., 36
Armstrong, Whitworth and Co., 77
Aspro, advertising method, 26
Atheron, 38
Australian Joint Copying Project, 32
Australian Labour Federation (ALF), 81
Australian Loan Council. See Loan Council
backbenchers, Queensland, 38, 110, 111
Bank of England, 77, 78
Baralaba. See State enterprises, mines
Barcoo, 97
Barnes, W.H. (MLA, Bulimba), 92, 96, 97, 106, 108
basic wage (Queensland), 16, 45, 87
Bedford, Randolph (MLA, Warrego), 105, 109
beef industry, 37, 40, 52, 64, 85
Beerburrum, 38
Bela Kun, 21
Bernays, Charles Arrowsmith, 19, 71, 72, 86
Berriedale Keith, Arthur, 32, 93, 138
Bertram, William (MLA, Maree), 104
BHP, 75
Bjelke-Petersen government, 146
Blainey, G., 49, 51
Bolshevik revolution. See Russian revolution
Bowen (north Queensland), 51, 57, 74ff
Chamber of Commerce, 66, 76
Boyce [Primary Producers' Union], 102
Boyne Valley, 61
Bray, P.J., 19
Brennan, F. (MLA, Toowoomba), 89, 102, 105, 126, 128, 129, 142
bribery, 25, 31, 41, 89, 91, 96, 102, 103, 136
Brisbane, 24, 27
development, 41
local councils, 27
population, 27
result of 1920 elections, 86
Brisbane Courier, 6, 21, 22, 24, 31, 38, 40, 43, 54, 55, 71, 116, 117, 118
Brisbane Industrial Council (BIC), 81
Brisbane Valley, 67
Britain, first labour government, 21
British Australasian Society, 148.
See also pastoral lobby
British cotton delegation, 37, 61, 66
British Cotton Growing Association, 68, 143
British Medical Association (BMA), 26, 131, 132
Broken Hill, 50
Broken Hill Proprietary Ltd, 75
Brophy, W. See State enterprises, iron and steel works
Brown and Dureau Ltd, 77
Bruce, S.M., 23, 60
Bruce-Page government, 23, 56
Buckingham Palace, 114, 116
Bulcock, F.W., [MLA, Barcoo], 97
Bundaberg, 67
Burnett lands, 40, 58
Burnett Valley, 38, 57, 143
Butlin, N.G., 31, 52, 53, 56
butter industry, 40, 64
cabinet (Queensland), 20, 31, 87, 90, 126, 132
capital punishment. See law reform policy
Casket lottery, 131
Catholic press (Queensland), 14, 97
Catholic proportion of Queensland population, 82
Caucus. See Parliamentary Labor Party
central Queensland, 49, 66, 67
Chambers of Commerce (Queensland), 56, 117
Childe, V.G., 5, 6, 13, 14, 15, 16, 18, 26, 72, 120, 129, 145, 146
Child Endowment Bill (1926), 132
Chillagoe. See State enterprises
Cilento, Sir Raphael, 131
citizens' delegation. See Philp delegation
Cleland, J.L., 20
closer settlement. See cotton industry coal, 51
Cochrane, P., 56
Cockatoo Island, 56
Collings, J.S. (MLC), 100
Collins, C. [MLA, Bowen], 105, 106, 109, 111, 112
Commonwealth government, loan raising, 93
Commonwealth Yearbook, 27, 31, 47, 50, 127
Communist Party (of Australia), 89
commutation of sentences, 134–35
Connell, R.W., 96
Conhole, P.F., 126
Connolly, 136
conscription, 22, 28, 81, 83
conservation policy, 124
conservative parties. See also Country Party, Nationalists, Opposition (Parliamentary), United Party
disunity, 96, 98
Constitution Act Amendment Bill (1921), 98
Coominya vineyard and orchards, 61
Cooper, Chief Justice Pope, 135, 136
Cooper, F.A. [MLA, Bremer], 4, 100
copper, 49, 50, 51, 52
Corser, B.N. [MLA, Burnett], 66, 75, 104
cotton industry, 30, 36, 38, 40, 52, 59, 62ff
and closer settlement, 49, 58, 64, 65, 143
growth during American civil war, 63, 69
growth in the early 1920s, 35, 37, 63
manufacturing in Queensland, 65–68, 143
rattoon controversy, 58, 61, 64–68, 105, 143, 158 n131
Cotton Industry Amendment Act (1924), 68
Cotton Industry Amendment Bill (1923), 66
Council of Agriculture, 66, 67, 68
Country Party, 23, 52, 93, 145
differences with Nationalists, 66–68, 118
Courier-Mail, 24
Court of Industrial Arbitration, 135, 136, 137, 142
Cowley, Sir Alfred, 7, 41, 135
Crompton Wood, 66. See also British cotton delegation
Daily Mail, 24
Daily Standard, 6, 21, 24, 26, 31, 32, 89, 105, 111, 116, 135
Dalma Scrub, 67
Dawson Valley, 38, 57, 143
Deane, P.E., 6, 23
Delprat, G.D., 75, 76
Demaine, W.H., 125, 128
demobilisation, 82
Denham cabinet, 113
Department of Public Instruction, 125
depression [1930s], 48, 108, 126
District Court, 135
Duhig, J. [Archbishop], 46, 114
Dunstan, B. [chief government geologist], 52
Duveyer, M., 41

Easton, E.W., 48
economic blockade. See loans embargo
Economic Commission on the Basic Wage, 53
economy [Queensland], 37, 49
education in Queensland, comparative growth, 124, 126. See also schools
education policy, 26, 105, 124,
125-29
adult education, 129
apprenticeship legislation, 127
domestic science, 128
manual training, 128
physical education, 128
special education, 128
technical education, 128

Ellerton, Dr, 132
Elphinstone, A.C. [MLA, Oxley], 66,
69, 93, 105, 114
Empire settlement, 38
Emu Park convention [1922], 88
English Review, 12, 119
Evans, Raymond, 4, 19, 23, 97, 114
Exhibition Hall, 9, 141

farmers, relations with Labor government, 30
Fassifern Valley, 67

Ferricks, M.A. [MLA, South Brisbane], 105, 106, 109, 111, 129
Fihelly, J.A. [MLA, Paddington], 89,
116
appointment as Agent-General,
45, 87
resignation as Agent-General, 87,
160 n27
First World War. See Great War
fish (food supply), 37
Fisher, J.J. [Paddington by-election candidate], 45
Fitzgerald, R., 19
Foley, T. [MLA, Leichhardt], 109
Forde, F. [MLA, Rockhampton], 98
Forgan Smith, W. See Smith, W. Forgan
Freeburg, N.W., 129, 162–63 n28
Friendly societies, 131

Gair, V.C, 4, 13
government of, 4
Garbutt [Northern Country Party],
102
Gatton Agricultural College, 128
German residents in Queensland, 82
Gibbs, Bright & Co., 6
Gibbs, Sir Antony and Son, 22, 32
Gillies, W.N. [MLA, Eacham], 61,
66ff, 71, 75, 106
Gledson, D.A. [MLA, Ipswich], 109
Glen Innes, 116
gold, 49, 51, 52
Goodman, R., 125
Goold-Adams, Sir Hamilton [governor of Queensland], 114, 137
Government Loans Redemption and Conversion Bill (1923), 106
Graham, B.D., 41, 56
Great Britain, May Commission, 88
Great War, 5, 49, 81, 82, 83
and social division, 22, 114

Haig, Field Marshal Earl, 38
Hanger, T., 125, 126
Hanlon, E.M., 4, 13
Hansard, 112. See also Queensland Parliamentary Debates
Hardacre, H.F. [MLA, Leichhardt],
126, 138
Harris, C.P., 59
Hartley, H.L. [MLA, Fitzroy], 69,
105, 109, 111, 129
Hawthorn, A.G.C. [MLC], 100
health policy, 124, 131, 132, 142
free hospital system, 4, 131
Herberton, 50
Higgins, E.M., 14, 16, 71, 82, 88, 90
High Court of Australia, 135, 137
Ryan’s use of, 28
Historical Studies, 16
historiography of Queensland, 12ff
home loan, 9, 43, 52, 54, 55, 57, 59, 94, 117, 118, 119
attitude of London press, 117
support from banks, 55
Hospital Bill [1923], 131, 132
How Labour Governs, 14
Hughes, C., 16, 37
Hughes, W.M., 5, 56, 119
election victory 1917, 23
establishes Commonwealth Police, 22
government of, 23
and immigration, 57-58
Huxham, J. (MLA, Buranda), 126, 128
Hynes, M.P. (MLA, Townsville), 105
immigration, 141, 143
and closer settlement, 57
conflict between State and Federal governments, 38, 57, 143
Italian immigration, 22, 82
populating north Queensland, 58, 143
industrial arbitration and conciliation, 28
industrial disputes, 136
industrialisation, 56
industrial wing (of labour movement), 86
conflict with Caucus, 87, 89, 96
Industrial Workers of the World (IWW), 81, 89
influenza, Spanish, 24, 28, 82
Initiative and Referendum [Bill], 99
investment, 53
Ipswich, 51, 76
Ireland, partition of, 22
iron ore, 76
irrigation, 7, 38, 141
Irving, B., 56, 96, 117
Irving, T.H., 96
Japan
development of steel mills, 143
tensions with United States, 22
Jones, D., 67
Joyce, R., 16
Judges Retirement Age Act [1922], 100, 135, 136, 138. See also Real, Justice
judiciary, 134
Keating, F.A., 6
Keith, Arthur Berriedale, 32, 93, 138
Kennedy, Kett, 20, 102, 103
Kerr, J.S. (MLA, Enoggera), 99
Labor-in-Politics Conventions, 126, 127
Labor in Power, 16-18, 20
Labor party [New South Wales], 84
labour history, 81
Labour Monthly, 14
labour movement, tensions in, 82ff
labour reform, 18
Land Act Amendment Act [1920], 3, 7, 10, 22, 23, 28, 29, 37, 40, 45, 52, 92, 94, 95, 103, 106, 113, 114, 118
Land Act Amendment Bill, 92
land acts, nineteenth century, 36, 113
land court, 39, 95
Lands Department, reductions in wages, 45
land settlement, 141, 143
Lang, J.T. [Premier of NSW], 12
Law, (Andrew) Bonar, 22
law reform policy, 124, 134ff, 141
capital punishment, 10, 134, 141
divorce law, 141
jury act amendments, 134
Lawry, J.R., 128
lead (mineral), 50
Legal Practitioner Act [1920], proposed, 135
Legislative Assembly, 28, 41, 87, 92ff, 100
Address in Reply Debates, 91, 104, 108, 110
speaker, 104
Supply debates, 68, 91, 103, 129
Want of Confidence Motions, 91, 97, 102
Legislative Assembly Act Amendment Act [1922], 103
Legislative Council, 7, 23, 28, 29, 41, 94, 97, 113, 131, 134, 135
abolition of, 9, 10, 31, 82, 91, 97-99, 118, 120, 135, 138
Lenin, V.I., 21
Lennon, Lieutenant Governor, 19, 85, 86, 94
Lewis, G., 13, 20, 39, 70
Lindsay, J., 26
Liquor Bill [1920], 86
Index

Lloyd George, D., 22
Loan Council, 7, 112
Loan Fund Account, 132, 150–52
loans embargo, 5, 84, 117
  amount sought in 1920, 153 n16
  and contemporary press, 18, 21, 93
dissent between Nationalists and Country Party, 118
dominance of issue in parliament, 98, 100, 104
influence on 1920 election results, 96
and migration, 59
and mining slump, 51, 52
reaction of local business, 52ff
resolution of, 104, 110ff, 145
  parties to negotiation, 150
  pastoral lobby's pressure for retrospective compensation, 111, 117
  reaction in Queensland, 108, 111, 119, 144, 154 n25
  and state steel works proposal, 78, 98
local authorities
  assistance from Loan Fund, 48
  and water resources, 59
Lockyer Valley, 67
London, 116
  attitude to American loan, 16
  borrowing in, 7
  financial intermediaries, 7, 9, 85
  money market, 41, 90, 93
  refusal to lift embargo, 10
Lower House. See Legislative Assembly

McCawley, T.W., 15, 39, 45, 135ff, 142
McCormack, W. (MLA, Cairns), 4, 20, 89, 109, 110
  and railway strike breaking action, 4, 6, 84, 90, 136
  as host to Prince of Wales, 116
McCormack government, 4
McDonald, Ramsay, 22, 24
McGregor, L., 67–68
MacLachlan, P.A. (MLA, Merthyr), 109
McLaurin, W.R., 17
McQueen, H., 13
Manchester, 38
Maryborough, 44
Maxwell, J. (MLA, Toowong), 55
May Day celebrations, 84
media in Brisbane, diversity, 25
Melbourne, 41
merchant capital, 36
Milner, Lord (Colonial Secretary), 54, 164 n4
minerals, 40
mining, 49ff, 142
  fatalities in Queensland, 51
  slump of the 1920s, 49–50
Moore, A.E. (MLA, Aubigny), 92, 104, 106
Moore government
  revision of scholarship system, 125
  winding up of state enterprises, 72
Mount Isa, 49, 52
Mount Morgan, 38, 49, 50, 51
Mount Morgan Mining Company, 137
Mount Mulligan, 38
Mount Mulligan disaster, 51
Mount Nebo, 38
Mullins, P., 119
Munich Putsch, 22
Murnane, M., 129
Murphy, Denis, 4, 13, 14, 16–18, 28, 70, 72, 82, 83, 86, 89
Mussolini, and Italian migration, 22
Nathan, Sir Matthew [governor of Queensland], 54
  and Judges Retirement Age Act, 1922, 135
  opening of parliament, 63, 104
  response to requests to withhold assent, 100, 118, 137, 138
nationalisation of hospitals. See health policy
nationalism, 86, 114, 117. See also anti-imperial sentiment
Nationalists, 55, 85, 92, 93, 99, 104, 117, 118. See also United Party differences with Country Party, 66–67, 118
National Party. See Country Party
New South Wales
  housing investments, 53
  mineral production, 50
New York. See Wall Street
New Zealand, 36
Nicholson, Sir Charles, 124
Nivison, Sir Robert, 54, 95. See also London, financial intermediaries
Northern Country Party, 102
one vote one value principle, attitude of Labor Party, 99
Opposition (Parliamentary) attitude to home loan, 117
breaking of pairs, 100
leadership changes, 92, 96
O'Sullivan (Attorney-General), 135
Our Seventh Political Decade, 19
Paddington (Qld), by-election of 1922, 45
Page, Earle, 23
Page-Hanify, G. (MLC), 99
Parliamentary Labor Party (Queensland), 42, 83ff, 112, 114, 117, 133
alliance with Nationalists over ratoon cotton, 67
attitude to state enterprises, 71, 72
commitment to agrarianism, 36, 87
conflict with trade unions, 81, 83, 87
dissension in, 104, 129
minutes of meetings, 20, 31, 72, 109
unity over conscription and censorship, 83, 84
withdrawal of support for Theodore, 10, 89, 91, 105, 109, 144
pastoral industry, 36, 39
British pastoralists, 9
pastoral lessees, 87
pastoral lobby, 28, 42, 48, 93, 111, 117, 119, 143ff. See also British Australasian Society Bishops gate resolution, 148
pastoral rents, 3, 10, 94, 113. See also land court
Payne, J. (MLA, Mitchell), 109
Perkins beer, 26
Peterson, J.C. (MLA, Normanby), 66, 87, 104
defection from government, 89, 103
Philp, Sir Robert, 7, 41, 55, 135
Philp delegation, 9, 48, 54, 55, 56, 92, 93, 106, 108, 135
attitude of Opposition to, 31, 86, 92
police, exempted from 1922 wage reductions, 45
Political Economy of Australian Capitalism, 20
population centres, principal towns in Queensland (table), 27
power alcohol, 52
Premiers' Conference (1922), 58
Premier's Department, 31, 32
price fixing tribunals, 15
Primary Producer's Union, 102
Prince of Wales, 1920 visit, 23, 114ff, 117
private capital formation, 52, 53
Privy Council, 137
Ryan's use of, 28, 135
proportional representation, 99
proxy voting, 103
Public Curator, 135
Public Service, appointments policy, 26
Public Service Board, 32
Queensland, Industrial Enigma, 56
Queensland Central Executive [of Labor Party], 87
conflict with Theodore, 88
Queensland delegation. See Philp delegation
Queensland Employers Federation, 55
Queensland local loan. See home loan
Queensland Parliamentary Debates, 14, 30, 31, 145, 146. See also Hansard
Queensland Parliamentary Papers, 31
Queensland Political Portraits, 18, 20
railways, building and development, 7, 38, 59, 141, 143
Rankin, Colonel (MLA, Burrum), 75
Real, Justice, 135, 137
Redistribution of Seats Bill (1922), 99
relief work, 44, 48, 59
retrenchment of public servants, 43, 44, 45, 48, 87, 88, 137, 142, 144
returned soldiers, 144
influence on 1920 elections, 97
role in 1919 disturbances, 5, 82, 97
Riordan, D. (MLA, Bourke), 82, 100
road building, 141
Rockhampton Chamber of Commerce, 40
Rockhampton District Council of Agriculture, 66
Roe, R.H., 125
Rogerson (of Pikedale), 116
Rosewood, 67
Russian residents (in Queensland), 82
Russian revolution, 21, 24. See also Soviet Union
Ryan, H.J. (MLA, Cook), 98
Ryan, T.J. (MLA, Barcoo), Premier, 4, 13, 28, 29, 83
career in Federal politics, 23, 24, 45
in England, 28
and Spanish influenza, 28
Ryan government, 4, 5, 23, 28, 70, 113, 114, 125, 129
salary reduction legislation, 109
Schedvin, B., 6, 56, 96, 117, 146
schools, 124–27
  Catholic, 124–27
  enrolments, 126–27
  grammar schools, 124–26
  primary schools, 124
  scholarships, 125–26
  secondary schools, 124–27
Second World War, 49
Secretary for Agriculture. See Gillies, W.N.
Secretary for Public Instruction. See Brennan, F.
Secretary for Public Lands. See McCormack, W.
SGIO, 45, 88
Shogren, D., 61
silver, 50, 51
Sinclair, W., 39ff
Sizer, H.E. (MLA, Nundah), 99
Sizer amendment, 99
Sleeman, 136. See also bribery
Smith, W. Forgan, 4, 43, 95
government of, 125, 145
socialist objective, adoption by Queensland Labor Party, 88
soldier settlement, 38, 60, 142. See also returned soldiers
South Australia, housing investments, 53
Soviet Union, 94
  allied intervention in, 5
  Civil War, 21, 24
squatters. See pastoral lessees, pastoral lobby
Stable (Chief Censor), 114
Stanley, Sir Arthur, 9, 138
Stanthorpe, 116
State Education in Queensland, 128
State enterprises, 15, 28, 39, 48, 70ff, 141
cannery, 71, 72
Chillagoe smelters, 17, 38, 49
conducting of, outside Queensland, 76
fisheries, 71
Hotel (Babinda), 71
iron and steel works, 13, 15–17, 32, 35, 51, 57, 71, 74ff, 111, 112, 117, 141, 143
general manager Brophy, 32, 75ff
opposition from Legislative Council, 74
Premier’s Department files on, 74, 77
Royal Commission on establishing, 16, 74
siting, 75, 76
support from Legislative Assembly, 74
mines, 39, 71, 72
Baralaba, 49, 51
Railway Refreshment Rooms, 71, 72
reports of Auditor General on, 71, 72
State Produce Agency, 60
stations, 17, 39, 71–73
suggested reasons for failure, 16, 35, 72
State Government Insurance Office (SGIO), 45, 88
state iron and steel works (NSW), 15
State Iron and Steel Works Bill (1917), 74
state parliaments, labour policy on abolition of, 82, 100
State Trade Office, 72
Statistics of the State of Queensland, 31
Stephensen, P.R., 26
Stopford, J. (MLA, Mt Morgan), 75
Story, J.D., 125, 129
sugar industry, 37, 60, 62
domestic prices, 37, 60, 119
export prospects, 75
Supreme Court (Queensland), 10, 134, 135, 137
judges, 134, 137
opposition to Ryan, 28
Swayne, E.B. (MLA, Mirani), 97
Sydney, 41
Harbour Bridge, 51
population, 27
Tasmania
  copper production, 50
electoral system, 99
housing investments, 53
Tata Iron and Steel Co. [Sakchi, India], 75
Taylor, C. [MLA, Windsor], 92, 104
teachers, exempted from 1922 wage reductions, 45
Theodore, E.G. [MLA, Chillagoe],
Premier, 4, 7, 9, 10, 12, 18, 66, 69, 77, 89, 97, 100, 105, 106, 108, 112, 117, 119, 138. See also Parliamentary Labor Party, elections
accession to premiership, 28, 29, 83
attack on pastoral lobby, 54
censure by Parliamentary Labor Party, 105, 109, 111
commitment to irrigation schemes, 38, 163–64 n2
commitment to Land Act Amendment Act (1920), 94, 103
and Federal politics, 10, 144
and immigration, 58
in London, 54, 55, 87, 89, 108, 114, 118
news of loan failure, 84
possible alliance with Country Party and farmers’ interests, 88, 102
retirement from State politics, 6, 12, 92, 144
support for state steel works proposal, 76, 77, 143
views on control of banking, 73, 146
Theodore government
attitude to industrial court wage decisions, 137
and local business, 52
relations with farmers, 61, 65, 69, 94, 143
and state enterprises, 70ff
and union movement, 53, 119, 144
tin, production levels (table), 50, 51
Toowoomba, 135
Toowoomba Mental Hospital, 132
Townsville, disturbances of 1919, 5
Trades and Labour Council, 89
Treasurer’s Estimates of Expenditure from the Loan Fund Account, 74
Trotsky, L., 24
Turkey, rumours of war with (1922), 22
Ubobo settlement, 61
Unemployed Worker’s Insurance Act (1923), 46
unemployment
demonstrations in Brisbane against, 43
insurance, 10
in New South Wales, 47
in Queensland, 9, 43, 46, 144
union movement, 86
Australian Meat Industries Employees Union, 81, 89
Australian Railways Union, 81, 87, 89
Australian Workers Union, 81, 88, 89
conflict with State Parliamentary Labour Party, 87, 89, 96
eight-hour day, 15
forty-four hour week, 16, 109, 144
general strike (1912), 25, 81
United Party, 52, 92, 104. See also Nationalists
United States, 143. See also Wall Street
University of Edinburgh, 32
Upper House. See Legislative Council
Uruguay, 36
Victoria
gold production, 50
housing investments, 53
loan raising, 93
Vowles, W.J. [MLA, Dalby], 92, 96, 97, 103
wage determination, 137, 138
wage rates (Queensland), 27, 46, 47, 48, 137
wage reductions, 9, 39, 40, 46, 87, 88, 137, 144. See also salary reduction legislation
Wall Street
bankers, 14
loans, 9, 10, 19, 45, 55, 58, 72, 77, 97, 112, 118, 144
Walsh, J., 135
Warwick egg incident, 22
water conservation, 141. See also irrigation
Weir, D. [MLA, Wide Bay], 44, 109
Western Australia, housing
investments, 53
Western Downs, 67
wheat, 37, 40, 60, 62
Whitlam, E.G., 12
Wiltshire, K., 17, 20
Witherby, T.C., 129, 162 n26
women
  legal rights, 10, 28
  proportion of population, 26, 27
wool industry, 39, 40, 49, 64, 85
Worker, 25
worker's compensation, 15, 28
Workers' Educational Association, 129. See also education policy
Workers' Homes Scheme, 95, 141, 144
Young, Irwin, 19
This study reveals how the direction of society can be altered by a major political crisis. The Queensland loans affair of the 1920s led to just such a change in direction. After four years of economic sanctions by British pastoral interests, the State's Labor government was forced in 1924 to abandon its action against the low pastoral rents paid by privileged squatting interests. This outcome was seen as a comprehensive victory for capital, and one which left a permanent stamp on the future of Queensland.

The British sanctions took the form of a crippling loans embargo, resulting in a dislocation of the state economy, high unemployment, forced retrenchments and the abandonment of government programs. As the financial pump ran dry the thirst for funding spread.

A vital impact of the loans crisis was on industrialisation. Premier Theodore was unable to proceed with his schemes for the diversification of the economy, particularly in the crucial area of manufacturing. If the London pastoral lobby had been less influential, the state may today have boasted a flourishing steel works at Bowen in North Queensland.

The loans affair heralded the conversion of the radical social thrust of the 1910s into the profoundly conservative political approach that has characterised successive Queensland governments ever since.