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THE SYDNEY MERCHANTS
AND SEABORNE TRADE
1821-1851

by

D.E. FIPER BE. MA (Hons)

Submitted for the Degree of Doctor of Philosophy
Department of History
University of Sydney
March 1991
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<tr>
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<td>Archives Office, New South Wales</td>
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<td>CO</td>
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<td>Gazette</td>
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<td>SMH</td>
<td>The Sydney Morning Herald, 1841-1851</td>
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<td>HRA</td>
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INTRODUCTION

Although considerable research has been undertaken on various aspects of life in the colony of New South Wales in the first half of the 19th century, comparatively little has been directed to the development of trade and commerce between the end of Macquarie's governorship and the gold discoveries. Hainsworth, Steven and Newman have dealt with the operations of colonial traders to the end of the Macquarie period, but analysis of their role in the spectacular growth in trade and commerce from 1821 to mid century has not been attempted.

This neglect is partly due to the concentration of interest on the expansion of the pastoral industry as providing the main impetus to colonial progress. As a consequence there has been an emphasis on the squatting age and the ethos and myths of the frontier life. It is only in the last thirty years or so that historians have turned their attention to urban life. Studies undertaken have dealt in a general way with social, demographic, economic and political considerations and infrastructure. Commerce and trade have received scant attention, although manufacturing in 19th century Sydney and elsewhere has been covered by G.J.R. Linge in Industrial Awakening: A Geography of Australian Manufacturing 1788 to 1890 (1979).

A contributory reason as to why no account of post-Macquarie overseas trade has been attempted is the relative
scarcity of diaries or other personal manuscript sources detailing day-to-day activities of merchants. Consequently, compared with the plethora of extant manuscript and published reminiscences relating to pastoral life, commerce was accorded a small part in contemporary accounts of the colony. This reflects the concern of visitors and settlers with pastoralism and life in the bush. As will be shown, there was an attitude prevalent among pastoralists that merchants were a minor appendage to the pastoral industry, despite the heavy dependence of the latter on the merchants for credit and as purchasers of wool. However, the Berry Papers, the Bowman-Buchanan correspondence included among the Macarthur Papers, the Lamb Letter Book, the Donaldson Papers, the Robert Brooks Papers and a number of shorter manuscript collections, give a useful insight into the difficulties inherent in trade and communication between Britain and the colony in the 1820s, 1830s and 1840s, as well as some appreciation of the working of the timber and wool trades. The voluminous Towns Papers, which cover the period from the early 1840s to the end of the century, are also valuable in giving particulars of the merchant-pastoral interface and detail on trade with Eastern ports. The only reasonably continuous personal record of the day-to-day affairs of a colonial merchant is the Spark Diary which was kept intermittently between 1836 and 1843 and again between 1846 and 1856.

The lack of manuscript sources has meant that the local newspapers, particularly the Gazette, Australian and Sydney
Herald (from 1841 the Sydney Morning Herald) and the Shipping Gazette and Sydney General Trade List have been relied on as the main store of information on mercantile matters. This is supported by a range of official documentation impinging on the activities of the merchants, such as the Historical Records of Australia, Colonial Office Records, Colonial Secretary's Returns of the Colony of New South Wales, Votes and Proceedings of the Legislative Council of New South Wales and the insolvency records of the Supreme Court of New South Wales. But the great lack is detailed records of the activities of particular merchants or companies involved in colonial trade. The result is that while the comparative importance of particular merchants can be determined from statistical data and newspaper reports and advertisements, in the main they tend to remain shadowy figures. Their individual motivation, business practices and personal attributes are not known and can at best be guessed at. Except in a few cases little is known of their personal or family lives.

In the 1950s and 1960s, the group known as the Business Archives of New South Wales and its accompanying journal, Business Archives and History, both of which owed much to the enthusiasms of Alan Birch and David Macmillan of Sydney University, were influential in promoting study of the history of local commerce and business. These activities produced a flurry of papers, some of which were concerned with the pre-1850 period, and were probably responsible for the timing of a number of books dealing with aspects of
colonial trade. Among these were Hainsworth's *Sydney Traders* (1972), Barnard's *The Australian Wool Market 1840-1900* (1958), and *Visions and Profits - Studies in the Business Career of T.S. Mort* (1961), Macmillan's *Scotland and Australia* (1967) and *Emigration and Investment* (1967), Birch and Macmillan's *Wealth and Progress - Studies in Australian Business History* (1967) and Dow's *Samuel Terry-The Botany Bay Rothschild* (1974). Mention should also be made of a number of valuable incursions into the subject of colonial trade to 1851 by Broeze and Dyster. They have been concerned with the motivation and scope of the activities of British merchants in colonial trade including their shipping interests and also with some aspects of the role of colonial merchants. Valuable appendages to the subject are the shipping records reproduced by Cumpston and Nicholson, S.J. Butlin's *Foundations of the Australian Monetary System, 1788-1851* (1953), and the *Australian Dictionary of Biography*.

Given the limited information on particular merchants, the present inquiry has concentrated on the contribution to colonial commercial and economic progress made by the overseas traders as a group. While the number of those describing themselves as merchants proliferated over the years, the overseas traders or import-export merchants were a reasonably well recognisable group. They can be identified by their regular appearance in newspaper shipping notices as agents for overseas ships and from the lists of merchants and shipping agents published in local almanacs
and directories of the period. However, it is not possible to determine exactly the number of import-export merchants operating at any one time due to the flux in their numbers. New merchants arrived, existing partnerships were dissolved or new ones established, merchants left the colony, died or retired to country estates. Also some auctioneers and individuals in other branches of commerce diversified and became involved in sea borne trade. For instance in 1832 fifty individuals or firms were listed in the New South Wales Calendar and Post Office Directory as merchants, of whom around forty could be classed as import-export merchants, the remainder comprising mostly customs agents and brokers.

A characteristic of all aspects of colonial life in the first half of the 19th century was change: agricultural, pastoral, commercial, political and in the nature and composition of society. In this the mercantile community was no exception. From a small collection of about a dozen emancipist and immigrant overseas traders in 1821, it grew to over sixty by the early 1840s, of whom the great majority were immigrants. The depredations of the depression of the early 1840s reduced this number to just over forty by the middle of the decade. Many of the merchants were involved in pastoralism as landowners and squatters, employing overseers to manage their properties. The most successful were among the largest pastoralists in the colony. In a society in which the highest social status was accorded to landed gentry, there was a tendency for merchant graziers to
forsake commerce entirely for pastoralism as soon as they had obtained sufficient land and stock to do so.

Throughout the period the leading merchants, together with the landed gentry and the upper strata of government officials, constituted the leaders of colonial society. As such they were represented in the nominated Legislative Council in the late 1820s and 1830s and in the predominantly elected Council from 1843. Their names appeared consistently in the lists of magistrates and they were conspicuous for their involvement in the affairs of church and charitable institutions. Above all they were pre-eminent in the export of seal and whale products as well as timber and flax, and in the initiation and direction of banking, insurance and steam navigation companies.

Of particular importance was the merchants' relationship with the pastoral industry as wool became the principal staple export. Their access to credit, through contacts with British merchants - for whom they acted as agents - and their affiliation with local banks, allowed them to become the financial supporters of the pastoralists. They purchased or gave advances on wool for export and generally extended credit to graziers for supplies and equipment. They assumed the role of bankers to wool growers because the banks were reluctant to lend to settlers in the interior. It was usual to afford credit on the basis of known 'respectability' rather than on the security of real property. The merchants thus played a dominant part in the
marketing of wool in the 1830s and 1840s, a function which has not been given much attention by historians. The treatment of the period by Barnard in The Australian Wool Market is fairly general and needs some revision.

Many of the merchants became insolvent in the depression of the 1840s with large debts to local banks or their British agents. Like a great number of their fellow colonists, they had been seduced by the vision of expanding horizons and mounting prosperity which produced a frenzy of speculation in the late 1830s and early 1840s. It was a reduced and chastened merchant community which faced the still difficult post-depression years, when the London wool market, on which they were heavily dependent, remained disappointingly depressed.

As a group the merchants possessed a good measure of entrepreneurial skills and aptitude for speculative ventures, qualities necessary in those seeking to establish themselves in a new environment where there was wide scope for successful enterprise in commerce and pastoralism. Some of them also had the concomitant faults of rapacity, selfishness and dishonesty. The following account of overseas trade and those who were involved in it through the port of Sydney covers the thirty years up to the discovery of gold in New South Wales. It aims to demonstrate the importance of the merchants in the exploitation of staple products for export and the interdependence between them and the pastoral industry. It also explores the motivation and
achievements of the merchants and their relation to colonial society, supported, where possible, by statistics and illustrative examples from contemporary records.
CHAPTER 1

BACKGROUND TO COLONIAL TRADE TO 1821

During the first thirty years of its existence New South Wales was essentially a penal settlement. Yet by 1821, although the population still comprised around ninety percent convicts and ex-convicts, it had long ceased to be merely a gaol and had moved far in the direction of becoming a colony. This was largely due to the efforts of emancipists and free settlers in establishing rural industries such as wheat growing and stock grazing. Advances in farm production were accompanied by limited private manufacturing, such as milling, brewing and tanning, and by the commercial activities of an enterprising group of merchants engaged in importing manufactured and Eastern goods and seeking staple products for export. These developments resulted in a decreased dependence on government-funded support for the inhabitants, so that by the end of Macquarie's administration free enterprise initiatives formed an important component of the local economy.¹

The commercial and strategic advantages to Britain of a settlement in New South Wales were among the considerations in the proposals of the initial promoters of the scheme. James Matra had been a midshipman on Cook's 'Endeavour' and had visited Botany Bay in 1770. In 1783 he presented a

¹ See p. 21ff.
proposal to the British Government for the settlement of American loyalists in New South Wales and later included the transport of convicts in his scheme. He emphasised the possibilities of securing supplies of flax from New Zealand, of increased trade with China and of entering the northern Pacific fur trade. He also thought that "the place New South Wales holds on our globe might give it a very commanding influence in the policy of Europe" through its proximity to the colonies of Holland and Spain, should Britain be at war with either of these two countries. In 1784, a proposal from Sir George Young, a distinguished naval officer, was even more optimistic on commercial possibilities:

A territory so happily situated must be superior to all others for establishing a very extensive commerce, and of consequence greatly increasing our shipping and the number of seamen. Nor is it mere presumption to say the country is everywhere capable of producing all kids of spice, likewise the fine Oriental cotton, indigo, coffee, tobacco, with every species of sugar cane, also tea, silk and madder. That very remarkable plant known by the name of the New Zealand flax-plant may be cultivated in every part, and in any quantity, as our demands may require.

Although the official documentation available does not provide much information on the steps by which the ultimate decision to settle New South Wales was made, some historians have argued that commerce and strategic questions were as important as the disposal of convicts. They have based

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3 ibid. p. 13.
4 ibid. p. 19.
their conjectures mainly on general considerations of Britain's trade and strategic policies at the end of the 18th century. Dallas has claimed that a principal purpose of the settlement was to promoted whaling, sealing and trade with South America as well as providing an extension of British sea power. Blainey sees the acquisition of supplies of New Zealand Flax and Norfolk Island timber for naval uses as a major incentive, while Frost emphasises strategic links with the British possessions in India. On the other hand, A.G.L. Shaw and Manning Clark feel that commercial and strategic matters were minor considerations and have maintained that the overriding purpose was to establish a penal settlement where convicts could be sent and hopefully remain at less cost than imprisonment at home.

The most definitive document on the attitude of the British government towards the proposed settlement is the Heads of a Plan submitted by Lord Sydney, Secretary of State for the Colonies, to the Lords Commissioners of the Treasury in August 1786 requesting them to proceed immediately with the despatch of 750 convicts to Botany Bay. Most of the Plan deals with the logistics of the proposal, but in the last few paragraphs reference is made to the cultivation of New Zealand flax, "which would be of great consequence to us

5 ibid. p. 229 (Frost); p. 39ff (Dallas).
6 ibid. p. 79ff (Blainey); p. 210ff (Frost).
7 ibid. p. 122ff (Shaw); p. 63ff (Clark).
as a naval power”. The possibility of procuring timber from New Zealand as "masts and ship timber for use of our fleets in India" is also mentioned. In the end both of these expectations were to be only partially realised. Great importance was attached to the necessity to remove convicts to New South Wales, irrespective of the cost, due to the "inadequacy of all other expedients that have hitherto been tried or suggested". It seems that by not referring more comprehensively to commercial and strategic matters in the Plan, the government was admitting by implication that the remoteness of the settlement, which was of advantage for a penal establishment, made it of minor significance in relation to current and short-term imperial interests. It would have been obvious that the penal nature of the colony would militate against it being of any importance in overseas trade. In the first thirty years of settlement such trade was restricted rather than promoted by official policies.9 Only the most vague (and as it is proved, incorrect) estimate was made of long-term commercial benefits, viz:

Most of the Asiatic productions may also without doubt be cultivated in the new settlement, and in a few years may render our recourse to our European neighbours for those productions unnecessary.

Another reason for not exploring the commercial possibilities of the settlement in any detail was the monopoly of the East India Company over commerce in the whole of the south-west Pacific and Indian Oceans and "the

9 See. p. 37.
Company's known opposition to settlement within its monopoly area.10 In requesting the acquiescence of the Company in the establishment of the proposed settlement, Lord Sydney made it very clear that the government was "desirous of avoiding any measure that might, in any degree, appear as an infringement of the privileges therein conveyed" (in the Company's Charter). At the same time the Treasury and the contractor supplying ships for the First Fleet offered some of the ships for charter to the Company to bring back tea from China after unloading the convicts.11

The development of trade between the new settlement and India and China in colonial ships was expressly forbidden in Governor Phillip's instructions and he was not to allow vessels to be built capable of such trade. The rights of the East India Company to trade between Britain and Asia, Britain and the islands of the Pacific and Indian Oceans and between the latter areas and Asia were to be protected at any cost.12

By 1802, reacting to agitation from the whaling industry, the British Government had restricted the monopoly of the East India Company to the extent that whalers were permitted to operate in the Indian and Pacific Oceans to

11 Martin (ed.) Founding of Australia, pp. 230-231 (Frost).
180 degrees east. Restrictions remained on other trade until pressure from British mercantile interests resulted in a further easing of the monopoly in 1813, by which ships of 350 tons burden or greater could trade between Britain and the Australian colonies. In practice, the East India Company was engaged in trade only between Britain and Asia, with tea as its main cargo. While anxious to prevent unauthorised intrusion of other merchants into its overall domain, the Company did not pursue trade between Asian countries such as China, India and the East Indies or between these countries and islands of the Indian and Pacific Oceans. It was, therefore, permissible for colonial ships to obtain seal skins, sandalwood, bêche-de-mer, pork, flax and other products from the South Seas for export, as long as these products were brought back to the colony and loaded into British ships with a Company licence.

Additional concessions were granted to the 'country traders' of India and Canton. These were British merchants who had established themselves towards the end of the 18th century in India at Calcutta and then at Madras, Saint George Island and Canton. They operated mostly as


partnerships and grew in numbers following the partial revoking of the East India Company's monopoly in 1813 and were permitted to trade between Asia and the Australian colonies. The most successful of these firms grew from small beginnings into composite trading, financial and shipping businesses, with branches in Eastern ports and London. Although the names of the firms changed as partners died, retired or were replaced, several survived throughout the first half of the 19th century. The participants were mainly Scotsmen, many with inter-family relationships. A number, such as Fairlie Ferguson and Company, Jardine Mathieson and Company, Forbes and Company, Scott and Company and Alexander and Company, figured in trade with the Australian colonies from India and Canton and were purchasers of colonial wool through their London branches.

These trading partnerships were known as Houses of Agency and their scale of activities was in many respects similar to the firms which emerged to mid century in the Australian colonies. The partners sometimes engaged in private speculation, which, if unsuccessful, could prove embarrassing to the firm, a situation which was to occur on a number of occasions in the colony. By the same token, if a partner died, retired or became bankrupt, the remaining partner or partners could carry on the business. The agency system was the best available answer to the problems inherent in the great distance between the origin of the capital and its sphere of operations. It also served the interests of 19th century British commercial expansion
whereby manufactured goods were exported via the 'consignment trade' as speculations to agency houses, to be sold on commission in return for long bills. While there were some differences in the mode of operation of mercantile firms in the Australian colonies due to particular local conditions, such as involvement in the wool trade, they served a similar function within the overall Empire trading system.

As a penal colony with virtually no free immigrants, the mainly convict population of New South Wales was heavily dependent on the government to supply the necessities of life in the early years of settlement. However, some capital in the form of Paymasters' bills was available to officers of the New South Wales Corps to import manufactured goods and products such as tea, wine, spirits and tobacco. From the early 1790s officers of the Corps banded together and paid ships' masters to bring cargoes from the Cape of Good Hope and India, or purchased speculative cargoes brought to the colony. Many of these ventures transgressed the East India Company's monopoly, involving arrangements with the masters of convict transports and American ships, or the charter of British ships ostensibly engaged in sealing.16

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In 1798 Robert Campbell, a partner in the firm of Campbell Clarke and Company of Calcutta, settled in Sydney and undercut the officers by selling imported goods on more favourable terms. Within a few years the monopoly of the officers was also being challenged by a number of emancipist traders, of whom Simeon Lord, Henry Kable and James Underwood were prominent. These and other emancipists who were to make their mark in colonial commerce, emerged as dealers and middlemen between the officers and free and emancipist settlers in the 1790s. These men were among the more enterprising emancipists who probably initially acquired the land and live stock of less industrious ex-convicts. As they accumulated capital by selling produce to the government they could diversify as retailers of goods imported by the officers. In the early years of the new century they took over much of the colonial overseas trade and were gradually joined by representatives of India-based country traders and some British merchants during Macquarie's governorship.17

To fund imports of manufactured goods and Eastern products, the colonial merchants were largely dependent on an economy controlled mainly by the local government. By 1810 the population of the colony was approximately 10,000 of whom thirty percent were convicts. The number of free immigrants, ex-military officers and government officials is not certain, but was probably less than 300. At this time

17 ibid. p. 4 and pp. 66-70; Hainsworth, Sydney Traders, p. 35ff; Steven, Merchant Campbell, p. 30ff.
forty percent of the population were victualled by the government through the Commissariat.\textsuperscript{18} The Commissariat received wheat and meat from local farmers at a fixed price. Payments were made by Store Receipts which were consolidated periodically into bills on the British Treasury. These bills were much sought after because they constituted the main means of paying for imports.\textsuperscript{19} As the availability of Treasury Bills was limited, staple products were sought as an exchange for imports.

From the 1790s sealing had been carried out in Bass Strait and the skins sold to visiting ships. By the early 1800s Lord, Kable, James Underwood and Campbell were the leaders in the sealing trade, firstly in Bass Strait, then as numbers of seals decreased, on the coasts of New Zealand and adjacent islands. In the latter areas sea elephant oil was also obtained. The skins were exchanged in Canton for tea and China goods and both skins and oil in London for manufactured items.\textsuperscript{20} Efforts were made to secure sandalwood from Fiji and other Pacific Islands to trade with China, but with sporadic and limited success, due to dependence on assistance from the natives and the co-

\textsuperscript{18} Fletcher, Landed Enterprise, pp. 88-89 and p. 236; C.M.C. Clark, Select Documents in Australian History 1788-1850, Sydney, 1950, p. 405.

\textsuperscript{19} J.T. Bigge, Report on the State of Agriculture and Trade in the Colony of New South Wales, Adelaide 1966 (First published London 1823) p. 50; S.J. Butlin, Foundation of the Australian Monetary System 1788-1851, Melbourne, 1953, pp. 48 and 101.

\textsuperscript{20} See Chapter 4 (Sealing) pp. 87-89.
operation and honesty of the masters of American ships who had to be employed in the trade.\textsuperscript{21}

The mercantile recession between 1811 and 1815 was a setback for colonial commerce. Both local and external factors contributed to the slump. Drought conditions interspersed with floods on the Hawkesbury River reduced farm produce, while the reduction in the number of soldiers and their dependents from 1600 in 1813 to 900 in 1815 intensified the shortage of money in the community. To make matters worse, colonial duties were imposed on sandalwood, pearl shell, bêche-de-mer, sperm oil, black whale oil, seal skins and timber, whether for local use or export, in order to raise additional revenue. External factors were a £24-18-9 per ton duty imposed by Britain on colonial sperm oil and £8-8-0 duty on black oil to protect the home whaling industry. There was also a simultaneous fall in seal skin prices in England and a trade slump due to excessive speculation in South America, as well as the interruption to trade caused by the Napoleonic Wars.\textsuperscript{22}

Commercial conditions improved slowly from 1815, but the value of exports was only a small fraction of that of imports in the late Macquarie years. Apart from the local


\textsuperscript{22} Fletcher, \textit{Landed Enterprise}, Chapter 7; Steven, \textit{Merchant Campbell}, p. 232ff; G.J.R. Linge, \textit{Industrial Awakening; A Geography of Australian Manufacturing 1788-1890}, ANUP, 1979, p. 27.
duties on bêche-de-mer and sandalwood, the Americans usurped much of the trade in these articles, which they could carry direct from the South Seas to China. Whaling was not a proposition in view of the local duty of £2-10 per ton on sperm and £2 on black oil. The British duty had been reduced, but was still £4-14 per ton on sperm and £2-16 per ton on black oil. Sealing had been a flourishing industry in the early years of the century, but over-exploitation in Bass Strait and the drop in prices of seal products in England, together with the cost and hazards of going further afield to New Zealand and the southern islands considerably reduced interest in sealing. However, Joseph Underwood continued collecting oil and seal skins from Macquarie Island.

The greater demand for foodstuffs after 1815, when the population more than doubled in six years from around 13,000 to 30,000 due to the arrival of a greater number of convicts after the Napoleonic Wars, encouraged the expansion of the land under cultivation by about one-third, with similar increases in livestock. This in turn led to the development of a burgeoning free market, with about half a million acres owned by private individuals and a number of privately owned flour mills, breweries and tanneries.

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manufacture of coarse cloth, blankets, shoes, hats and candles was commenced mainly by Simeon Lord, who was forced by the trade recession to turn to internal enterprises.\(^{26}\) In 1821 imports were valued at about £150,000 and exports at around £30,000.\(^{27}\) The exports comprised mostly wool, which was beginning to emerge as the main staple export. As well as about a dozen import-export merchants, Sydney had a number of wholesale and retail merchants offering imported goods for sale.\(^{28}\) However, the principal free enterprise activities were farming and grazing and much of the grain and meat produced was sold to the Commissariat.

The growth in free enterprise activity and the need to put the currency on a better footing led to the establishment of the Bank of New South Wales in 1817. The immigrant merchants Alexander Riley, Richard Jones, James Birnie and the emancipists Alexander Lord and Edward Eagar were involved in formulating regulations for the management of the bank and the merchants Robert Jenkins and Riley were among the seven first directors.\(^{29}\) By the early 1820s, Spanish dollars were in use as a medium of exchange, but Commissary and Bank of New South Wales notes and private notes were also circulated. Many transactions were still

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26 Linge, *Industrial Awakening*, p. 79ff; S. Lord to Goulburn 21 August 1822, Colonial Secretary Special Bundles, 1826–1934, AONSW, 4/1099.2; Bigge, *Report on Agriculture and Trade*, pp. 50–52.

27 See pp. 27 and 29.

28 See pp. 55 and 56.

made in goods and wages were customarily paid in kind, in which rum was conspicuous, or by orders on merchants. At the end of Macquarie's governorship thirty percent of the population were still 'on the store' and in view of the gap between imports and exports, the Commissariat store remained an important source of exchange for merchants.\(^{30}\)

The changes in the numbers of convicts and military 'on the store' between 1811 and 1821 are reflected in the annual value of Treasury bills drawn (Table 1).

**TABLE 1**

**ANNUAL VALUE OF TREASURY BILLS 1811-1821\(^{31}\)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1811</td>
<td>92,182</td>
</tr>
<tr>
<td>1813</td>
<td>57,984</td>
</tr>
<tr>
<td>1815</td>
<td>86,021</td>
</tr>
<tr>
<td>1817</td>
<td>101,163</td>
</tr>
<tr>
<td>1819</td>
<td>153,956</td>
</tr>
<tr>
<td>1821</td>
<td>189,008</td>
</tr>
</tbody>
</table>

Wool was slow in fulfilling its promise as a substantial export staple. The first significant export of colonial wool was 33,000 lbs in 1815 and this rose to 175,000 lbs in 1821.\(^{32}\) Production lagged after the early experiments of Macarthur and Marsden. There were apparently a number of reasons, such as the small returns that could be expected, given the British duty of seven shillings and elevenpence per hundredweight on colonial wool and the relatively high

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transport costs. Few landholders had sufficient land to run an appreciable number of sheep, and in any case they could get quicker and more certain returns by selling the meat to the Commissariat. Those who were in a position to export wool either lacked the British contacts to dispose of it or were not prepared to devote the time and capital to promote wool at the expense of their other commercial interests. The fact that New South Wales was a penal settlement with a primitive economy also militated against any large development of the wool industry. 33

During Macquarie's governorship the increase in population and consequent growing demand for imported goods encouraged a number of overseas traders to immigrate to the colony, some of them with English and others with mainly Eastern associations. James Birnie and Richard Brooks, both master mariners, settled with their families in 1810 and 1814 respectively. Birnie was the brother and partner of the London merchant Alexander Birnie, who sent several cargoes of manufactured goods and spirits to the colony. Brooks had been captain of East India Company vessels and became the agent for Lloyds of London. Both had made speculative voyages to the colony and acquired property before settling. They had given up trading for farming by the early 1820s. 34 The most important arrivals with mainly English connections were Alexander Berry and Edward Wollstonecraft. Berry was of Scottish descent and had

33 ibid. pp. 207-209.
34 ADB, Vol. 1.
traded to India and the Cape of Good Hope prior to making a speculative voyage to the colony in 1808. He subsequently sought sandalwood at Fiji. In 1812 he met Wollstonecraft at Cadiz and they later became partners before deciding to immigrate to Sydney where they arrived in 1819. Berry returned to England and brought out a cargo of merchandise in 1821. As "everybody was flocking to the Hunter River, Bathurst and other places...and all were elbowing one another", they selected land on the Shoalhaven in 1822, where they were granted 10,000 acres. In the following years they combined timber getting with farming and an import-export business.35

The desire of country traders to establish mercantile connections with the colony resulted in them sending representatives to Sydney in the Macquarie period. Two such traders, Alexander Riley and Richard Jones had been in Sydney since 1809. Riley had spent a few years in Van Diemen's Land as Deputy Commissary before coming to Sydney, while Jones came from London and became agent for Forbes and Company of Bombay. In 1815 they formed the partnership of Riley and Jones, but Riley returned to England in 1817 and was replaced in the partnership by his brother Edward from Bombay. In 1820, William Walker, who had previously been with Fairlie Ferguson and Company of Calcutta, also joined the firm. In 1818 Jones also went to England and did not

return until 1825. In 1822 Walker formed the firm of Walker and Company, firstly with his nephews Thomas and Archibald, and in 1823 they were joined by William's brother, James.36 Other traders with Eastern affiliations who arrived in this period were Thomas Macvitie and Prosper De Mestre. Macvitie had been in Mauritius and the Cape of Good Hope for some years before settling in Sydney as a merchant in 1816. He gave up trading in 1826 to manage the Bank of Australia. De Mestre had engaged in commerce in Mauritius as well as India and China and came to the colony in 1818. By 1821 Robert Campbell was just beginning to re-establish himself as a merchant after a financial collapse and absence from the colony between 1811 and 1815. In the 1820s his mercantile operations expanded and in 1825 he was appointed one of the three private members of the newly constituted Legislative Council.37

Bigge said that "there are now established at Sydney twelve commercial firms that are importers of goods on their own account" of which "three are conducted by persons who have been convicts". He omitted to mention the names of particular merchants, but they probably included those designated by Edward Riley in 1821 as Robert Campbell, William Campbell, Berry and Wollstonecraft, Macvitie, De Mestre, Samuel Terry, T.W.M. Winder, James and Joseph


37 ADB, Vol. 2; Steven, Merchant Campbell, p. 264ff.
William Campbell and Winder were both ex-master mariners who settled in Sydney in 1817 and had abandoned commerce for farming and pastoralism by the early 1820s. Eagar was a convicted solicitor who was not allowed to practice in the colony and turned to trading. In 1819 he formed a partnership with another emancipist, F.E. Forbes. Eagar returned to London in 1821 to promote a petition for legal rights for emancipists and did not return to the colony. Simeon Lord is conspicuously absent from the list, as at this time he was concentrating on his manufacturing projects following his losses in the recent recession. Samuel Terry was only occasionally engaged in overseas trading, his main interest being land speculation, agriculture, public houses, milling and brewing. The most successful of the emancipists, the 'Botany Bay Rothschild', was to leave a fortune of around £200,000 on his death in 1838.

No consistent statistical information on the volume or value of trade to or from the colony is available from colonial sources before 1828. However, British customs statistics give the value of trade with New South Wales, including Van Diemen's Land, between 1818 and 1821, as shown in Table 2:


A large proportion of the imported goods was brought by convict transports. Macquarie favoured this arrangement as a source of much needed manufactured items. When instructed by Bathurst in 1817 to disallow the landing of goods for sale from convict ships, the Governor was petitioned by a number of non-importing merchants and shopkeepers, objecting to the change on the grounds that more merchandise was required for sale than was available. This difficulty was overcome with the removal by the British government in 1819 of the restriction on ships under 350 tons burden, trading between Britain and the colony. This was effected following representations from British merchants and a petition from Sydney merchants, for both of whom it was an important landmark. 42 For the former it gave more flexibility in dispatching consignments and allowed them a better chance of obtaining return cargoes. For the latter it guaranteed more frequent arrival of manufactured goods for sale and

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42 Macquarie to Bathurst, 1 March 1819, HRA, Vol. 10, p. 18ff; Bigge, Report on Agriculture and Trade, p. 63.
consequently a greater availability of ships which could be chartered for Pacific or Eastern trading voyages. The petition of Sydney merchants, reinforced by recommendations by Bigge also contributed to the removal of local duties on Pacific products - pearl shell, bêche-de-mer, sandalwood and seal skins, as well as a drawback for the re-export of whale oil.43

The disparity between the value of the colony's imports and exports applied to trade with Eastern and other foreign countries as well as with Britain. According to Bigge:-

The foreign trade of New South Wales consists of the importations of sugar, spirits, soap and cotton goods from Bengal, and tea and sugar candy from Canton.44

Trade with Mauritius was carried in "small vessels, with registers from the island of Mauritius" bringing cargoes of sugar and spirits and taking back wheat from Van Diemen's Land. Regarding exports, Bigge reported that:

The only articles of export that have hitherto been tried from New South Wales are those of flour to the Cape of Good Hope, horses to Batavia and coals to that port and to Calcutta.45

Shipping records show that individual cargoes contained less than ten tons of coal to around 200 tons and up to thirty horses.46 Trade with the Pacific Islands was "very inconsiderable" due to local duties, the depredations caused

43 Macquarie to Bathurst, 22 March 1819, HRA Vol. 10, p. 55ff; Bigge, Report on Agriculture and Trade, p.60.
44 ibid. p. 57.
45 ibid. p. 64.
46 Cumpston, Shipping, Sydney 1788-1825, p. 107 and 109.
by contacts between Europeans and the Island peoples and competition from the Americans. Excessive exploitation and high duties had also reduced the sealing trade, but Joseph Underwood maintained sealing gangs on Macquarie Island and occasional shipments of up to 14,000 skins were sent to China between 1815 and 1821.

The value of trade with Calcutta is shown in Table 3 while Table 4 gives some indication of the relative importance of various ports as sources of imports by listing the number of ships arriving in Sydney between 1818 and 1821.

**Table 3**

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports to Calcutta (£)</th>
<th>Imports from Calcutta (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1818/1819</td>
<td>16,728</td>
<td>33,703</td>
</tr>
<tr>
<td>1819/1820</td>
<td>2,255</td>
<td>66,013</td>
</tr>
<tr>
<td>1820/1821</td>
<td>7,539</td>
<td>23,871</td>
</tr>
</tbody>
</table>


TABLE 4
NUMBERS OF SHIPS FROM VARIOUS PORTS 1818-1821

<table>
<thead>
<tr>
<th>Year</th>
<th>Batavia</th>
<th>Calcutta</th>
<th>C of GH</th>
<th>Mauritius</th>
<th>China</th>
<th>South America</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1818</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>1819</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>1820</td>
<td>-</td>
<td>12</td>
<td>-</td>
<td>2</td>
<td>3</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>1821</td>
<td>2</td>
<td>3</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>7</td>
</tr>
</tbody>
</table>

Taking into account trade with Britain, sugar imports from Mauritius and rice, tobacco, sugar, spirits and other items from Batavia and South America as well as tea from China, it is likely that in 1821 the total value of imports was about £150,000 and the value of exports around £30,000.

The trade with India and Canton was conducted in India-built ships operated by country traders. Sealing, the small amount of South Seas trade, as well as trade with Van Diemen's Land and coastal trade was undertaken by ships built in the colony. By 1804 twenty-two ships of up to thirty-eight tons burden had been built, eighteen in Sydney and four on the Hawkesbury River. The early governors were instructed not to allow the building of ships that could be used for private trading with India, China or the Pacific Islands and so break the charter of the East India Company. With the relaxation of the Company's monopoly in respect to whaling and sealing, larger vessels were built by James Underwood and Robert Campbell for sealing and securing

50 Cumpston, Shipping, Sydney 1788-1825, p. 110ff.
51 Bigge, Report on Agriculture and Trade, p. 59.
sandwich and other Pacific products for re-export from Sydney. 52

Underwood build the King George (185 tons) and many smaller craft between 1800 and 1807. Robert Campbell built the Perseverance (170 tons) and the Queen Charlotte (136 tons) as well as about a dozen other ships between 1807 and 1813. 53 While most of this shipping was used in local coastal trade, between 1815 and 1821 there were around seventy arrivals from Van Diemen's Land bringing mainly wheat and potatoes and returning with manufactured goods. Mary Reibey, Robert Campbell and Edward Lord featured prominently in this trade. Mary Reibey, an emancipist, maintained a successful trading and shipping business in Sydney following her husband's death in 1811. She concentrated on property development after 1820, but her sons, Thomas and James were active traders in Van Diemen's Land in the 1820s. Edward Lord was the wealthiest of the Van Diemen's Land merchants. He was an ex-marine officer who had come to Hobart Town with David Collins in 1804 and by the 1820s was a pastoralist and shipowner on a large scale. 54

As the main port of the colony, Sydney contained about a quarter of the total population of approximately 30,000 in

53 ibid; Hainsworth, Sydney Traders, pp. 117-127.
1821, of whom almost half were under servitude. All the overseas shipping activity was concentrated in the vicinity of Sydney Cove, where the pattern of development of the northern end of the city for the remainder of the century had been set. At the head of the Cove, between what is now Circular Quay and Macquarie Place was James Underwood's dockyard, adjacent to which were the dwellings and stores of James and Joseph Underwood, Simeon Lord and Mary Reibey (see Map 1). On the western side of the Cove was King's Wharf which was used by overseas ships, the Government Dockyard, the office of the Naval Officer responsible for the customs and the control of shipping, and Campbell's Wharf and accompanying stores. Other overseas traders with stores and houses close to the Cove were Jones and Riley at the corner of George and Hunter Streets, Robert Campbell Junior in Bligh Street and several others, including Berry and Wollstonecraft and Prosper De Mestre at the north end of George Street. 55

The town produce market was situated between Market, George and York Streets, so that most of the local coastal traffic bringing wheat and other produce unloaded at Market Wharf at the Darling Harbour end of Market Street. The general residential area lay along either side of the Tank Stream, between George and Castlereagh Streets, south of Hunter Street. Many of the residences were combined with

business premises such as shops and warehouses. The civil administration, including the Court House, Police Office, General Hospital, Colonial Secretary and Surveyor General were between Sydney Cove and Bent Street and extended along Macquarie Street. The overall character of Sydney had been enhanced by the imagination and dedication of Macquarie in pursuing his belief that it should become a "fine and opulent town". With the assistance of the emancipist architect Francis Greenway and the increasing supply of convict labour, he was able to expand public works, improving roads and bridges and erecting buildings such as the Convict Barracks, the Rum Hospital and Saint James' Church (referred to as Saint Luke's in the accompanying map (Map 1) of the town of Sydney at the end of Macquarie's governorship). 56

But these improvements, together with the high rate of convict transportation following the conclusion of the Napoleonic Wars, placed a rising financial burden on the British government and raised questions at the Colonial Office on the function and management of the colony. Any policy decisions on the future of the Australian colonies would be influenced by a desire to reduce the overall cost of their maintenance to the British taxpayer. Another requirement was to continue the monopoly of British traders within the Empire, while making concessions to colonial traders where possible. There was also pressure to expand

Map 1: Town of Sydney in 1822 (From S. Mourot This Was Sydney p. 28.)
British trade in the face of foreign competition in the aftermath of the Napoleonic and American Wars and acquire new markets for British industrial production.57 At the same time the disturbed conditions in the post-war era resulted in an increase in crime for which transportation sentences were given.58 Therefore an additional consideration was to ensure that any change in convict management would appease critics who considered that the existing arrangements did not include sufficiently rigorous punishment for convicted criminals.59

Commissioner Bigge was sent to New South Wales in 1819 to investigate and report on conditions and make recommendations for the colony's future development. But in the meantime the Colonial Office implemented a general strategy for mitigating the cost of convict maintenance, based on a recognition of the promising future of the wool industry.60 The emigration of capitalists was encouraged with the offer of free land and the use of assigned convicts as labour for agriculture and pastoralism. As well as producing valuable staples, the scheme would hopefully ensure a useful and rigorous punishment of convicts away from the amenities of the townships. These changes and


58 J. Ritchie, Punishment and Profit, pp. 64-66.


60 Ritchie, Punishment and Profit, pp. 64-65.
others which were to be implemented in the early 1820s, signified that the colony was no longer to be regarded mainly as a penal settlement, but that it had the potential for wealth and progress as a free community. 61

Bigge was sympathetic towards colonial commerce, welcoming the reduction in the duties on colonial products and on restrictions on local shipping. He anticipated that wool and other staple products would provide for the exchange of manufactured goods, viz:

By affording encouragement to the production of fine wool, tobacco, and flax in the colony, freight may speedily be furnished for the return of vessels that carry thither British manufactures; and...a free participation in the whale fisheries...will furnish the inhabitants of New South Wales with an article of export equally valuable as a means of consignment to the merchants as of lading to the vessels. 62

Having freed colonial trade from the impost of excessive duties and many of the restrictions of the East India Company's charter and instituted policies which would encourage wool growing, the British government henceforward adopted a laissez faire attitude to colonial commercial development, leaving it to the enterprise of British and local merchants. The same applied to the South Seas, although there was still some official interest in New Zealand flax and timber. However, difficulties in procuring these products in remote localities, often in the face of

62 Bigge, Report on Agriculture and Trade, pp. 56 and 64.
lack of co-operation or open hostility on the part of the natives, limited continuity of supply.\textsuperscript{63}

By 1821 the commercial progress made by the colony had been won at the expense of hardship and frustration on the part of the overseas traders. They had to contend with impediments such as the monopoly of the East India Company, British and local duties on colonial products and obtaining capital in a penal colony with a government-dominated economy. The recession of 1811 to 1815 was particularly damaging to leading traders like Campbell and Lord. But by the end of Macquarie's governorship the lines on which the overseas trade of the colony would proceed and grow through the immigration of merchants had emerged. The influx would accelerate during the 1820s with the removal of trading restrictions and as commercial opportunities opened with growing population and physical expansion.

\textsuperscript{63} Ward, \textit{British Policy in the South Pacific}, pp. 42-43.
CHAPTER 2

THE MERCHANT INFLUX 1821 – 1831

From 1819 the Colonial Office was advertising in the press for emigrants for New South Wales and had already approved the granting of free land depending on the amount of capital possessed by prospective migrants. One hundred acres would be granted for every £100 of capital up to a maximum of 1,000 acres. This was later extended to 650 acres for every £500 up to a maximum of 2,560 acres. Each migrant had to possess capital in the form of money or goods amounting to at least £500 and produce the testimony of referees to this effect. During the 1820s reports of investment and stock improvement schemes of the Australian Agricultural Company encouraged immigration and returning successful colonists like Alexander Riley, Richard Jones and William Walker were also ambassadors for the colony. A number of published accounts of New South Wales created additional propaganda for immigration. Probably the most influential book was W.C. Wentworth's Statistical, Historical and Political Description of the Colony of New South Wales. Apart from its argument for an elective assembly for the colony, the opportunities for immigrants with capital to engage in wool growing were stressed. Wentworth's book went through three editions between 1819 and 1823. Among other books published about the same time were a bookseller's compilation attributed to James O'Hara

1 Ritchie, 'The Colonial Office and the Bigge Reports', p.33.
which appeared in two editions in 1817 and 1818, John Oxley's *Journal of Two Expeditions into the Interior of New South Wales* published in 1820, which detailed his discovery of the rich Liverpool Plains and the New England Tableland, and Bigge's *Reports*. James Atkinson's *An Account of the State of Agriculture and Grazing in New South Wales*, which appeared in 1826 gave a balanced view of agrarian progress and prospects. Peter Cunningham's *Two years in New South Wales* was also influential, going through two editions in 1826 and 1827. It gave a generally favourable impression of the colony and its progress, spiced with wry Scots humour. These works were reviewed by the prestigious *Edinburgh Review*, although the editor, Sydney Smith, tended not to take the affairs of "Botany Bay" very seriously.²

The removal of the restrictions on ships under 350 tons burden trading between Britain and the Australian colonies and the rescinding of duties on Pacific Island products would also have been factors in persuading merchants to immigrate. There was still a restriction on trade between the colonies and China, such that a licence had to be obtained from the East India Company's Board of Commissioners in Bengal to trade with Canton. This was to ensure that the Company maintained control of the lucrative tea trade.³

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The Colonial Office decision to promote the emigration of capitalists to the Australian colonies, accompanied by the reduction in trade restrictions, was soon followed by the setting up of expanded administrative and legal systems and a Legislative Council and Supreme Court in 1823. Although the governor was still fully responsible for administration, subject to Colonial Office direction, he was to be advised by the Legislative Council of five to seven members on local laws and ordinances. The merchant Robert Campbell was appointed to the Council in 1825 and Richard Jones and Alexander Berry were also included when the Council was expanded to fourteen in 1829. 

The changes in New South Wales brought about by British government initiatives in the late Macquarie years and early 1820s were part of a shift in general colonial policy, by which British colonies were to be allowed gradually to obtain more control over their own affairs. At the same time they were to form an integral part of the Empire trading system, with tariff preference over foreign countries. In the 1820s New South Wales was of little commercial significance to the mother country, due to its small population and low volume of exports. But the geographic position of Van Diemen's Land and Sydney in the latitude of the westerly trade winds and proximity to South East Asia, enabled British ships disembarking convicts or

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goods at the Australian settlements to obtain return cargoes from India or the East Indies. Although colonial trade was only in its infancy in the 1820s, wool was seen as a potentially valuable raw material for British wool manufacturers and the colonial whaling industry would provide a substantial proportion of Britain's requirements of oil in the 1830s. The wool trade and the whaling industry were to be the main inducements for merchants to settle in Sydney from the 1820s to mid century.

Between 1820 and 1830 there were approximately 1780 applications from Britain for permission to settle in the Australian colonies. The majority of these, around 1150, were received between 1820 and 1824, indicating the effectiveness of the new policies and published propaganda on colonial present and expected future progress in attracting migrants. Among these prospective settlers were around fifty import-export merchants, of whom slightly over forty came to Sydney, the remainder going to Hobart or Launceston. The majority of the merchants were from the large commercial centres such as London and Liverpool. Approximately twenty-five percent came from Scotland, mainly from the vicinity of Edinburgh-Leith, and Glasgow. Macmillan attributes the relatively large Scottish migration to the depressed commercial conditions in Scotland in the

5 Macmillan, *Scotland and Australia*, pp. 77 and 102.
6 Assessment from colonial almanacs and newspaper shipping lists.
7 Macmillan, *Scotland and Australia*, p. 94.
1820s, together with propaganda on the colonies echoed in local newspapers and periodicals.

In their applications for land grants, the merchants only occasionally mentioned any intention to engage specifically in agriculture or pastoralism. They contented themselves with stating the approximate value in goods or money they intended taking with them, which in general varied between £1,000 and £10,000, and requested a grant commensurate with their capital. They concluded by nominating referees who were generally well known London merchants who vouched for the correctness of the amount of capital or goods stated. Under the regulations giving free grants, it was stated that land should be immediately used for agricultural purposes, but merchants were often necessarily slow to stock and work their land, as they had first to establish themselves in business.

It is not possible to be sure in many instances why particular merchants chose to immigrate to New South Wales, but the expectation of wool becoming the major export staple and the desire to take advantage of the growth of the wool trade was probably the single most important reason. In this respect New South Wales offered greater scope than Van Diemen's Land, so that most of the merchants settled in Sydney on the initiative of British mercantile houses.

8 Application letters from prospective settlers under 'Letters from Settlers' in 1820s Colonial Office Correspondence (Public Records Office), CO201/106-CO201-199.
anxious to secure wool shipments. Like the London merchants Robert Brooks or Gore and Company, they saw the colonies as their principal trading area, or like A.A. Gower Nephews and Company, Reid Irving and Company and Huth and Company, also of London, as an adjunct to their existing participation in the German and Spanish wool trade. ⁹ Other London merchants, such as Buckles and Company (Buckles, Bagster and Buchanan), John Masson, John Marshall, Mackintosh and Company and Cockerell and Company, were Eastern or country traders who wished to extend their operations to New South Wales or expand and consolidate existing trade links. ¹⁰ The distance between Britain and Australia in both space and time and the lack of precise knowledge of local conditions, required that colonial representation should be as reliable as possible. The preferred method of achieving this was to send out either a relation or one of the members of the parent firm, or an experienced employee or associate.

The first of the new wave of immigrant merchants to establish a House of Agency in Sydney with family ties to a British firm were Warham Jemmet Browne and Richard Aspinall. They arrived in 1822 from Liverpool with merchandise worth £14,000 to form a branch of Aspinall Browne and Company of

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London and Liverpool. They were followed by Edward Aspinall with merchandise valued at "£5,000 and over". Richard Aspinall, who was a director of the parent company, returned to England. The local company was soon advertising to purchase wool.

In 1825 John Hosking Jr. whose father, John Hosking Sr., was a senior London merchant, arrived with upwards of £3,000 in merchandise. The Hosking family had resided in the colony from 1809 to 1819, when Hosking Sr. had been in charge of the Orphan School and indulged in commercial activity. Hosking Jr. later joined with John Terry Hughes, nephew of Samuel Terry to form Hughes and Hosking. James Brindley Bettington, son of the principal and a senior partner in the firm of John Bettington, Sons and Company of London settled in Sydney in 1827, bringing "most ample funds" with the prime object of making "cash advances on the spot to the colonists on security of their wools destined for this country" as a service that "has never yet been offered". Another arrival with London family connections was Joseph Barrow Montefiore in 1829, who was in partnership with his brother Jacob of London. Montefiore brought

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11 Aspinall Browne and Company to Bathurst, 4 June, 1822, CO 201/112; Gazette, 8 November 1822.


13 ADB, Vol. 1; J. Hosking Jr. to Bathurst, 9 June 1825, CO 201/170.

£10,000 worth of goods and set up J.B. Montefiore and Company with his fellow immigrant David Furtado, establishing branches in Sydney and Hobart. In 1829, Charles Gore, a partner in the London firm of Gore and Company, joined William Dawes who had come out the previous year as agent for Gore and Company, and established Dawes, Gore and Company. Between 1826 and 1828 the parent company had consigned goods valued in excess of £40,000 to the colony.

It was usual for colonial merchants to form local partnerships for much the same reasons that this practice was followed by Houses of Agency in Asia and elsewhere. British merchant houses preferred their agents to have at least one partner, so that business could be carried on in case of death, illness or absence of one of the partners. Also with a partnership there was less chance of funds being used for irresponsible speculations, an eventuality which was to be of great concern in business contacts between British and colonial merchants. Therefore, merchants who did not come in partnership tended to form one soon after arrival. Thomas Raine and David Ramsay were in the former category. Raine had made numerous voyages to the colony, mostly as captain of convict ships, and finally of the Ship *Surry* for Mangles and Company of London. He formed a partnership with David Ramsay, ship's surgeon, and commenced

15 ADB, Vol. 2; D.R. Furtado to Murray, 23 June 1828, CO 201/199.

16 Robert and John Gore to Secretary of State, 20 November 1828, CO 201/199.
business in Sydney in 1823 with backing from Mackintosh and Company of London. 17

Prominent among arrivals in the early 1820s were Thomas Icely and Alexander Brodie Spark. Icely was the son of an English merchant and shipowner and at the age of twenty-one received a grant of 600 acres in New South Wales. He brought merchandise to Sydney in 1820, disposed of it profitably and returned with another cargo and a further grant of 2,000 acres in 1822. He initially acted as agent for Buckles and Company in association with James Bowman, Principal Surgeon and brother-in-law of John Macarthur. He entered a partnership with Matthew Hindson in 1824, but gave up commerce for pastoralism in the late 1820s. 18 A.B. Spark was a Scot who did not have a mercantile family background. He had a literary education and gained commercial experience in London before deciding to come to Sydney, where he arrived in 1823 with upwards of £1,600 in goods. He soon built up a flourishing import-export business, first as agent for John Masson and later for Dunbar and Sons and A.A. Gower, Nephews and Company. 19

17 ADB, Vol. 2; T. Raine to Lord Erskine 18 September 1822, CO 201/102; D. Ramsay to Bathurst, 19 July 1822, CO 201/100; D. Ramsay to J. Ramsay, 11 September 1822, Ramsay Papers, MSS 564/1; M. De Salis, Captain Thomas Raine - An Early Colonist, Sydney, 1969, p. 63ff.

18 ADB, Vol. 2: T. Icely to Bathurst, 18 September 1821, CO 201/107; J. Bowman to W. Buchanan, 28 June 1824, Macarthur Papers, A4266; W. Buchanan to J. Bowman, 13 November 1824 Macarthur Papers, A4267.

Among other merchants who settled in Sydney in the 1820s were Sydney Gilbert Smith and John William Gosling. Smith landed with £2,000 worth of goods in 1827 which he sold at a profit. He returned in 1830 with another cargo and set up with his brother Thomas as Smith Brothers. Gosling was an erstwhile partner in the London mercantile firm of Staniforth and Gosling. He came to the colony with around £1,600 in goods and capital in 1827 and in 1830 joined Aspinall Browne and Company. Following a trip to England Gosling became agent for Reid, Irving and Company in the early 1840s.

Like earlier arrivals James Birnie and Richard Brooks, a number of the merchants were master mariners who had been in command of merchant or convict ships or both on voyages to the colony. Apart from Raine, master mariners such as George Bunn, John Lamb, Randolph Dacre and Henry Donnison settled in Sydney between 1826 and 1831. Bunn traded to the colony as master of the Countess of Harcourt in the early 1820s and started business as agent for Buckles and Company in succession to Icely. He was soon involved in whaling. He died in 1834. Lamb formed a partnership with his cousin Walter Buchanan when the latter left the firm of


21 ADB Vol.1.

22 Gazette, 27 December 1822; 15 July 1824; 1 February 1826.
Buckles, Bagster and Buchanan and came to Sydney in 1829 with about £2,200 worth of merchandise. Buchanan comprised the London end of the partnership, which had a stormy passage until it was dissolved in 1834.23 Dacre was employed in the colonial trade by Robert Brooks when he established himself as Brooks' agent in Sydney in 1831 and formed a partnership with William Wilks.24 Donnison was a native of Whitby who commanded his own vessel. He was agent for George Cobb, a Sydney retailer who had come to the colony in 1821 with capital of £2,500. Donnison joined Cobb in partnership in 1827.25 They engaged in overseas trading for a short time, but Donnison relinquished trade for pastoralism in the early 1830s.

A unique venture in colonial trade unconnected with wool or pastoralism was the Australian Company of Edinburgh-Leith established in 1822 with a nominal capital of £1,000,000. The Edinburgh merchants who formed the company were inspired by what eventually proved to be over optimistic reports of commercial opportunities in Van Diemen's Land, to which they intended to direct most of their business. They were encouraged by the rising tide of speculative company formation in the United Kingdom and also hoped to challenge the East India Company in trading to Eastern ports. Warehouses were built in Hobart where Charles McLachlan

23 ADB, Vol. 2: J. Lamb to H. Twiss, 27 November 1828, CO 201/199. See also Chapter 6, pp. 121-124.
24 ADB, Vol. 1. See also Chapter 10, pp. 279-281.
25 H. Donnison to R. Wilmot, 17 December 1822, CO 201/102; W. Brodie to Goderich, 14 June 1827, CO 201/190.
became the company's agent. It was represented in Sydney by Ellis Scott and Archibald Warren, who set up business as Warren and Scott in George Street. In the years following its inauguration, the company had four ships on regular voyages to Hobart and Sydney. They conveyed manufactured goods and migrants to the colonies and sought wheat, oil, flax, sealskins and extract of wattle bark for return cargo. No mention was made regarding the purchase of wool initially, but it was included from 1824. The extended depression in Scotland from 1826 and intense competition in trade between Britain and Australia in the late 1820s contributed to the demise of the company in 1832. 26

Apart from Spark, Ramsay, Scott and Warren, merchants of Scottish descent settling in the colony in the 1820s included Archibald Mosman, John Gilchrist, John Bell and John McLaren. Mosman was mainly interested in whaling. Gilchrist was originally associated with Mosman, but later entered a partnership with John Alexander to form Gilchrist and Alexander which became one of the most successful mercantile firms in the 1840s. 27 John Bell was the son of a principal of the firm of Bell and Balfour of Dundee. He arrived in 1828 with merchandise worth £10,000 and formed the firm of Bell and Farmer with the captain of the ship in which he arrived. In the early 1830s Bell took up land in


27 ADB, Vols. 1 and 2.
New Zealand. John McLaren had affiliations in Glasgow and formed a partnership with Alexander Crombie of Hobart. 28

Among the migrants with a commercial background were some who started in business in the colony as auctioneers and with time became interested to a greater or lesser extent in overseas and inter-colonial trade. Examples were the Paul family and Francis Mitchell. George Paul came to Sydney in 1821 under the 'auspices' of Sir Thomas Brisbane and his father John Paul, who was apparently a London merchant, followed in 1822 with capital of £2,000. In 1828 John Paul returned to London, by which time his sons George and John Jr. conducted "an extensive concern" as auctioneers. 29 In the 1830s they extended their business to overseas trade. Francis Mitchell had a less auspicious start in the colony. He came out as a purser in Robert Brooks' ship Elizabeth in 1822 with no capital, hoping to get employment in Sydney. 30 By the mid 1820s he was an auctioneer in partnership with Peter Rapsey who had been in the colony since 1821. In the 1830s, Mitchell became a leading import-export merchant and was also engaged in whaling.

The interest of the new wave of merchants in exporting wool was evident from their newspaper advertisements to

29 J. Paul to Bathurst, 22 February 1822, CO 201/113; J. Paul to H. Twiss, 26 September 1828, CO 201/199.
30 F. Mitchell to his Uncle, 17 June 1822, CO 201/112; Sir C. Cockerell to R. Wilmot, 22 June 1822, CO 201/112.
purchase or advance on it. They were also anxious to use their land grants and additional land acquired by purchase or lease for pastoralism. In general they were absentee landlords, leaving their stock and property to the care of overseers. But a few were more interested in pastoralism than commerce and devoted themselves to the former as soon as they conveniently could. Thomas Icely, who retired to his properties in 1827, in applying for more land, claimed he had spent £34,000 for "agricultural purposes". Richard Jones also applied for additional land on the grounds that he had spent approximately £20,000 on importing Saxon merino sheep and on land and stock. Jones retired to his properties in 1837. Similarly the Bettington family also imported breeding sheep from Germany and J.B. Bettington gave up his mercantile interests for pastoralism in 1837.

With the arrival of increasing numbers of merchants with sufficient capital to commence in overseas trade, the emancipist traders of the Macquarie period became relatively less important. By the early 1820s Simeon Lord owned considerable land in the vicinity of Sydney as well as property in Van Diemen's Land. He continued overseas trading in timber to the mid 1820s, but suffered

31 Gazette, 24 November and 5 December, 1825.
33 R. Jones to Bathurst, 19 October 1824, CO 201/159; Darling to Murray, 19 May 1829, HRA, Vol. 14, pp. 758-762.
considerable losses and henceforward until his death in 1840, concentrated on his manufacturing and property interests. Terry's limited interest in overseas trade has already been noted. He had established a country seat at Box Hill near Windsor in 1819 and he developed his farming properties at Liverpool, on the Nepean River and at Yass and Bathurst. In the 1820s he built a block of three storeyed brick buildings known as 'Terry's Buildings' opposite his house in Pitt Street. James Underwood gave up importing to build the Sydney Distillery at Rushcutter's Bay with Robert Cooper and F.E. Forbes, both of whom he eventually bought out. Joseph Underwood continued his sealing operations at Macquarie Island until the trade petered out in the late 1820s. He died in 1833.

Although there was a gradual withdrawal of the 'old hands' among the emancipist merchants from overseas trade, commercial conditions after 1821 did not preclude enterprising emancipists from achieving success as overseas traders. This was illustrated by the careers of Daniel Cooper and Solomon Levey. These emancipists received their pardons in 1818 and 1819 respectively and started separately in retail trading. By the mid 1820s they were in

35 ADB, Vol. 2.
36 ADB, Vol. 2; Dow, Samuel Terry, pp. 120-121 and 127.
37 ADB, Vol. 2.
38 See Chapter 3.
partnership trading as the Waterloo Company and were involved in large scale retailing, banking, sealing, milling and manufacturing as well as overseas and inter-colonial trade. Levey returned to London in 1826, where he died in 1833. Cooper also went to London in 1831 and on Levey's death reconstructed the partnership in Sydney as Cooper and Holt and remained to manage the London end of the firm's activities himself.

Several other emancipists, notably Samuel Lyons, François Girard, Abraham Polack and Joseph Hickey Grose, all of whom started in business in the 1820s, were to emerge as successful import-export merchants among their other activities in the 1830s. Lyons was a tailor when convicted for theft. He arrived in Sydney in 1816 and tried several times to escape. Receiving his pardon in 1825, he set up as an auctioneer and thrived during the depression of 1827 to 1831 when forced sales of property and merchandise were prevalent. He then diversified into overseas and inter-colonial trading and real estate, building 'Lyon's Terrace', a row of elegant houses in Liverpool Street, each costing around £5,000.40 Girard, of French descent, was transported for theft in 1820 and received his pardon in 1825. He was soon engaged in flour milling and in 1828 was accused of providing unsatisfactory bread to the military. He purchased ships for coastal and inter-colonial trade in the

40 ADB, Vol. 2.
1830s, but became insolvent in the 1840s depression. Abraham Polack arrived in 1820 and by the late 1820s was an innkeeper. During the 1830s he became a successful shipowner and overseas trader and was the subject of obloquies from Stuart Donaldson on his low origin. Joseph Grose was listed as "free by servitude" in the 1828 census and described as a merchant and auctioneer at Parramatta. In the 1830s he owned steamships and was a prominent overseas and inter-colonial trader. He became insolvent in 1843.

Most immigrant merchants adopted the same attitude as the exclusives among the civil and military establishment and leading immigrants of long standing in avoiding social and political association with emancipists. However, Lord, Terry, Daniel Cooper, Robert Cooper, Levey and James Underwood were among the wealthiest merchants in the colony and exercised considerable influence on commercial affairs. Immigrant merchants and members of the establishment generally, therefore, found it in their interest to have business dealings and enter contracts with them. Exclusives such as the Macarths, Oxley, Marsden and Piper purchased goods and supplies from the emancipist merchants for use in their own establishments, generating accounts of up to

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several hundred pounds at a time, which they paid by promissory notes or cash. Immigrant merchants had much more substantial dealings with their emancipist counterparts. In a six month period in 1824, Icely purchased over £6,000 worth of seal skins and other merchandise from Cooper and Levey and in a two year period J.C. Pritchett and Raine and Ramsay bought sugar and spirits worth £5,000 and £3,000 respectively from the same firm. 44

As pointed out in the Introduction, the merchants whose main commercial activity was overseas trade are readily distinguishable in published shipping lists and contemporary almanacs and directories. But other specialised merchants and shopkeepers such as auctioneers, ship chandlers, wine and spirit merchants, drapers, booksellers, pharmacists and general retailers, also had connections in the home country who supplied them directly with manufactured goods. Some of these merchants also exported small amounts of wool or other colonial products which they had accepted from settlers in exchange for merchandise. Over sixty individuals were listed as merchants in the census of 1828, but of these only about thirty could be classed as overseas traders and the greatest proportion of goods landed in Sydney was imported by the latter. 45


The import-export merchants generally imported a wide variety of goods, some of which were disposed of to wholesalers or retailers, some direct to settlers and occasionally some were auctioned if they could not be profitably sold by other means. Items which figure most prominently among a list of twenty-five categories of manufactured goods imported into New South Wales and Van Diemen's Land are listed in Table 5:

**TABLE 5**

**APPROXIMATE VALUE OF IMPORTS 1822-1824 (£)**

<table>
<thead>
<tr>
<th>Category</th>
<th>1822</th>
<th>1823</th>
<th>1824</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton goods</td>
<td>31,000</td>
<td>21,000</td>
<td>46,000</td>
</tr>
<tr>
<td>Slops and Haberdashery</td>
<td>18,000</td>
<td>15,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>20,000</td>
<td>19,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Woollen Goods</td>
<td>17,000</td>
<td>14,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Hardware</td>
<td>15,000</td>
<td>7,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

*Note:* None of the remaining nineteen categories was valued in excess of £7,000.

Goods were mainly received by merchants on consignment from parent companies in Britain, as in the case of firms like Aspinall Browne and Company, J.B. Bettington and Gore and Company, or from firms for which they were the local agents. In these transactions, the consignor dispatched goods he thought were saleable on advice from his local agent or branch firm. A year or more might elapse before the British merchant knew the result of a particular speculation, by which time a further consignment may have

been dispatched. 47

In disposing of manufactured goods to general merchants and shopkeepers, it was usual for the overseas trader to accept the recipient's bill for three months or longer without interest for at least fifty percent of the invoice price. The amount of the advance was conditioned by the dependability of the customer and whether the goods were scarce or plentiful. If endorsed by two respectable merchants such a bill could be discounted at a bank. 48 General merchants and shopkeepers sold to settlers for Stores receipts or by barter for wool and wheat or on credit against future produce. The extent to which credit could be given to settlers also depended on their reputation and status. The larger landholders, who tended to deal with leading merchants, could get long-term credit. At all levels of colonial society credit was the order of the day in most business transactions.

The successful import-export merchants necessarily had a network of agents in the ports to and from which they traded. Merchants setting up in the Australian colonies generally had suitable colonial or foreign contacts through


their previous activities, and where this was not the case, they secured introductions to agents from existing commercial associations. The agent or agents in Britain were usually the most important, as the recipients of the major export commodities. While individual merchants tended to send their colonial products to one firm in Britain, this was not universally so. For instance in one ship Raine and Ramsay consigned timber to Harper and Bell, New Zealand timber to Robert Brooks, wool to W. Walker and oil to W. Weller. By the same token Berry and Wollstonecraft did business with over thirty British firms during the 1820s.49

The merchant influx of the 1820s was not affected by variations in trade conditions in Britain or the colony. The early 1820s were years of economic expansion in Britain, leading to boom conditions in overseas trade and internal investment between 1822 and 1825. With the collapse of the boom in 1825 there were low prices for some years and shipping experienced under-utilisation and low freight rates. In the colony the fall of export prices was felt from 1826 and there were years of relative depression between 1827 and 1831 when the colony also suffered from drought. New South Wales attracted British merchants because of the perception that the expansion in population, physical boundaries and economy would continue and that it would become an increasingly important link with the British colonial system.

49 Manifest of the Marquess of Huntly, Special Bundles AONSW, 1826-1934, X702; Correspondence with English merchants, Berry Papers MSS 315/2-8.
Bigge's vision of the future of the colony was primarily as a producer of fine wool, with cheap labour for the pastoral industry provided by convicts. The Colonial Office initiatives in encouraging immigration of capitalists, reducing trade restrictions and revising the legal, administrative and legislative systems helped to create conditions under which this vision could be realised. However, the rate at which settlement expanded in the 1820s put a strain on the local administration.

The movement of settlers beyond the Cumberland Plain in order to graze sheep and cattle had commenced in a small way under Macquarie and as it continued apace during the 1820s it stretched the administrative capacity of the local government, particularly its ability to survey land grants. By the late 1820s settlement had spread to the Liverpool Plains on the north, beyond Bathurst on the west and to Bateman's Bay and the present Capital Territory in the south and south-west. In an effort to obtain closer settlement and a more effective use of land, Darling divided the existing alienated land into nineteen counties in 1829. This area was known as the "limits of location" beyond which settlement would be restricted. This proved to be ineffectual in practice, as by then pastoralists were
already penetrating into Crown Land beyond the designated boundary.\textsuperscript{1}

Symptomatic of the policy of promoting investment in wool production with convict labour was the formation of the Australian Agricultural Company in 1824 with British capital of £1,000,000 and a grant of 1,000,000 acres of land around Port Stephens. The Company, which was proposed and promoted by John Macarthur Jr. in London, was intended to engage in wool production and agriculture. There were a number of colonial shareholders including members of the Macarthur family, Samuel Marsden, Edward Wollstonecraft and Charles Throsby. The Australian Agricultural Company floundered in its early years due to the land around Port Stephens being unsuitable for grazing sheep and indifferent management in London and the colony.\textsuperscript{2} However, by early 1827, the company had spent £30,000 including £11,000 on stock and had acquired over 6,000 sheep. The launching of this enterprise helped to bring about the "sheep and cattle mania" of 1826, when intense speculation in stock resulted in merino sheep selling at up to £34 each.\textsuperscript{3} Although the quantity of wool exported tripled from 1821 to 1826 and returned a value in

\begin{enumerate}
\item T.M. Perry, \textit{Australia's First Frontier - The Spread of Settlement in New South Wales 1788-1829}, Melbourne, 1963, p. 26ff.
\end{enumerate}
excess of £48,000 in the latter year, the total value of colonial exports was little more than a quarter the value of imports. 4

In order to establish wool as the main colonial staple, pastoralists appreciated the necessity to improve the yield and insure that the fleece was properly cleaned, classed and packed before shipment. Concerted efforts were made to improve the wool quality by the importation of Spanish and Saxon merino sheep. 5 Individual pastoralists and merchants such as William Lawson, the Blaxlands, the Macarthurs, Edward Riley, Richard Jones and J.B. Bettington, imported stock for breeding, and an Agricultural Stock Club was formed by the Agricultural Society of New South Wales, by which members contributed to a fund to import breeding sheep and other stock. A number of leading merchants were members of the Club. 6

Bigge had reported that:

Two commercial houses in Sydney have lately been engaged in the purchase and consignment of wool, but the growers of the best qualities have hitherto exported it on their own account. 7

4 Votes and Proceedings, 1843, p. 455.

5 Abbott, The Pastoral Age, p. 47; W. Buchanan to J. Bowman, 28 July 1825, Macarthur Papers, A4267.


7 Bigge, Report on Agriculture and Trade, p. 53; Gazette and Howe's Weekly Commercial Express, Ships' manifests 1825 and 1826.
To the mid 1820s most of the wool was still grown and exported directly to their agents in London by established settlers such as the Macarthurs, Blaxlands, Lawson, Cox, Oxley and James Bowman. The quantity of wool exported from New South Wales and Van Diemen's Land between 1822 and 1826 is shown in Table 6.

**TABLE 6**

WOOL EXPORTS 1822 – 1826

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity (lbs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1822</td>
<td>172,880</td>
</tr>
<tr>
<td>1823</td>
<td>198,240</td>
</tr>
<tr>
<td>1824</td>
<td>275,560</td>
</tr>
<tr>
<td>1825</td>
<td>411,600</td>
</tr>
<tr>
<td>1826</td>
<td>552,960</td>
</tr>
</tbody>
</table>

Note: The annual value of wool exports is not available before 1826 when it was £48,384.

As new settlers arrived and increasing quantities of wool became available, more and more was acquired by merchants by purchase or by advances to growers who wanted quick returns or did not have the contacts to consign on their own behalf. This tendency was accelerated in the drought and depression of the late 1820s. The boom year for wool prices was 1825 when the average price for colonial wool in London was two shillings and eightpence per pound, while Macarthur's clip returned five shillings to seven shillings and sixpence per pound. But by early 1826 the

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8 Votes and Proceedings, 1843, p. 455.
9 See Chapter 8, p. 205.
average price had fallen by sixpence per pound and fell even further in the following year.\textsuperscript{10}

Colonial export income was dependent on the London prices of staples, which were influenced in turn by the state of the British economy. Following the collapse of the speculative boom in the aftermath of the war with America, the economy had fluctuated with some expansion in 1817-18 followed by a low point in 1819. Between 1819 and 1822 there was slow recovery and then three years of remarkable growth in overseas trading, particularly to South and Central America. This was also a time of greatly accelerated private investment in building, insurance and American mining shares, resulting in the formation of an enormous number of joint stock companies. In excess of 600 were launched or projected between 1823 and 1825, seeking some £375,000,000 in investment. From 1823 the prices of colonial products commenced to rise and continued until there was a sharp decline in the latter part of 1825 as the speculation boom collapsed. Thereafter prices of imported commodities remained depressed for several years with some fluctuations.\textsuperscript{11}


The value of colonial trade with Britain to the economic down-turn in 1825 which was felt in the colony in 1826, is shown in Table 7.

**TABLE 7**

**TRADE WITH BRITAIN 1821-1826**

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from Great Britain (£)</th>
<th>Exports to Great Britain (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1821</td>
<td>114,642</td>
<td>22,639</td>
</tr>
<tr>
<td>1822</td>
<td>213,743</td>
<td>16,592</td>
</tr>
<tr>
<td>1823</td>
<td>180,716</td>
<td>51,376</td>
</tr>
<tr>
<td>1824</td>
<td>212,654</td>
<td>47,409</td>
</tr>
<tr>
<td>1826</td>
<td>280,000</td>
<td>101,314</td>
</tr>
</tbody>
</table>

Note: Except for 1826, the values for imports and exports apply to New South Wales and Van Diemen's Land.

The large trade imbalance meant that there was still a heavy dependence on Treasury bills to pay for imports.

The main exports to Britain were wool, timber, sea elephant oil and seal skins. Because of the imbalance in trade, ships bringing merchandise to the colony generally had difficulty in securing return cargoes and often made supplementary trading voyages between Sydney and Hobart before getting sufficient loading for a return voyage. Alternatively, like the convict ships, they returned via Asian or East Indies ports in ballast, with government stores or troops, or undertook a speculative voyage in the Pacific. It was not uncommon for three to five months to

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elapse between the arrival of a merchant ship and its departure with export cargo.\textsuperscript{13}

While the trade between Britain and the colony increased in both directions, the growth was uneven as indicated in Table 7. As demand for imported goods grew with population, supply tended to exceed requirements due to the speculative nature of the trade and the time involved in the exchange of information between Sydney and London. A glut of manufactured goods would be accompanied by a fall in local prices and when this occurred merchants often resorted to auction to clear stocks. There would then be a scarcity of some commodities, merchants would attempt to overcome the shortage, and a further glut would occur. This cycle was a feature of colonial trade to mid century.

Available information is insufficient to assess with any quantitative precision the success individual merchants enjoyed in the import-export trade, as only isolated transactions or sketchy general accounts of the business affairs of firms by way of correspondence and occasional account books have survived. Yet by reference to shipping records and newspaper reports it is possible to gain some idea of the relative importance of the various merchants in the areas of speculation open to them. In trade with Britain, it is not surprising that those colonial merchants such as Aspinall Browne and Company, Raine and Ramsay, Icely and Hindson, A.B. Spark, Berry and Wollstonecraft and the

\textsuperscript{13} Cumpston, \textit{Shipping, Sydney 1788-1825}, p. 119ff.
Australian Company, with well established affiliations with British mercantile houses, were the most prominent. Of the emancipist merchants, Cooper and Levey were the most active in overseas trading, their speculations in this area being supported by sealing, banking and manufacturing enterprises.14

As in the years before 1821, the colonial trade with India, China, Mauritius, the Cape of Good Hope, Batavia and South America, was mostly one way. Except for occasional cargoes of timber, coal and detachments of troops, ships from the ports listed in Table 8 left the colony in ballast. Like manufactured goods, the supply of Eastern products tended to oscillate from glut to scarcity.

### Table 8

<table>
<thead>
<tr>
<th>Year</th>
<th>Batavia</th>
<th>Calcutta</th>
<th>CofGH</th>
<th>ToFF</th>
<th>China</th>
<th>South America</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1821</td>
<td>2</td>
<td>3</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>1822</td>
<td>2</td>
<td>7</td>
<td>1</td>
<td>7</td>
<td>2</td>
<td>3</td>
<td>22</td>
</tr>
<tr>
<td>1823</td>
<td>-</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>1824</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>1825</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>3</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>1826</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>18</td>
</tr>
</tbody>
</table>

The value of imports from countries other than Britain up to the mid 1820s can only be guessed at, but it is unlikely that it exceeded £70,000 per year by 1826.

14 Gazette and Howe's Weekly Commercial Express Ships' manifests 1825 and 1826; Special Bundles, 1826-1934, AONSW, X702.

15 Cumpston, Shipping, Sydney 1788-1825, p. 125ff.
Whereas before 1821 many of the importations from Eastern ports were made by country traders such as Scott and Company, Alexander and Company and Plummer and Company or by individual master owners, in the 1820s this trade was gradually taken over by colonial merchants.\(^\text{16}\) Jones and Walker were the most prominent merchants in the Eastern trade, followed by Campbell and Company and Aspinall Browne and Company.\(^\text{17}\) Other colonial merchants, notably T.G. Pitman, an American who settled in Sydney in 1824, and a number of Van Diemen’s Land merchants went themselves on speculative voyages to China or sent a supercargo to negotiate return cargoes.\(^\text{18}\) As there was little in the way of colonial products that could be exchanged for Eastern goods, payment had to be made in Treasury bills or specie.

Although the value of exports from New South Wales did not exceed £100,000 until 1826 and was only about half this amount between 1823 and 1825, some capital outlays by Sydney merchants were comparatively large. In 1824 Icely reportedly purchased the ship *Midas* loaded with cargo for England for £12,000.\(^\text{19}\) In 1825 Levey claimed he was carrying on trade at the rate of £60,000 per annum and had

\(^\text{16}\) Macquarie to Bathurst, 24 June 1815 HRA, Vol. 8, pp. 588–592; Macquarie to Bathurst, 18 March 1816, HRA, Vol. 9, pp. 76–82.

\(^\text{17}\) Gazette and Howe’s Weekly Commercial Express Ships’ manifests 1825 and 1826; Cumpston, *Shipping, Sydney 1788–1825*, p. 125ff.

\(^\text{18}\) See Chapter 7, pp. 162–163.

\(^\text{19}\) Gazette, 10 June 1824.
paid "upwards of £30,000" to the colonial revenue over the previous four years. In the same year David Ramsay of Raine and Ramsay noted that "£60,000 had passed through our hands" in three months. A further indication of relative importance was the number of ocean-going ships owned or partially owned by Sydney merchants. A list published in Howe's Weekly Commercial Express in May 1825 included the following:

R. Jones - Five, all engaged in whaling and sealing.
R. Campbell - Two, engaged in South Sea trade.
R. Campbell Jr. - One, trading to New Zealand
Raine and Ramsay - Three, trading to Mauritius, South America and sealing.
S. Levey - Two, trading to the South Seas and Hobart.
Joseph Underwood - Two, sealing at Macquarie Island.
Icely and Hindson - One, trading to London.
T.H. James - One, trading in the South Seas.

It can be seen that Sydney-based ships were used predominantly for sealing, whaling and Pacific trade where they could be used on a regular basis. Trade to and from Britain was almost exclusively conducted in British ships, with an occasional speculative voyage by a colonial ship like that of the Midas. For Asian trade it was not

20 S. Levey to Brisbane, 21 October 1825, Colonial Secretary Letters Received, 1789-1826, AONSW, 4/1782.
21 D. Ramsay to J. Ramsay, 26 March 1825, Ramsay Papers, MSS 564/1.
22 Howe's Commercial Express, 16 May 1825.
difficult for Sydney merchants to charter ships, as there were colonial cargoes for only a portion of overseas ships arriving in the colony.

A noticeable feature of colonial trade in the 1820s was the relative change in the pattern from that prior to 1821. In the period 1818 to 1821 inclusive, thirty-six merchant ships entered the port of Sydney from Britain and forty-two came from other countries as listed in Table 4. In the years between 1822 and 1825, seventy-six came from Britain and forty-six from other countries. This increase in vessels from Britain is to some extent due to the use of smaller ships, from around 400 tons to under 300 tons after 1820, but it also indicates an upsurge in private investment in goods and equipment for personal domestic, agricultural and pastoral use.23

The expansion in overseas trade between 1821 and 1826 was accomplished under some difficulty at a time when the colonial government was reducing expenditure and changing the currency. The retrenchment in local government spending instituted by Governor Brisbane in 1822 was based on change in the colonial currency, from sterling to a dollar standard. This caused some disruption to internal trade and reduced the availability of Treasury bills for overseas payments. Brisbane hoped substantially to reduce the

escalating costs of Macquarie’s administration and in this he was supported by Colonial Secretary Frederick Goulburn and the head of the Commissariat, William Wemyss. 24

The move to the large scale use of dollars as a medium of exchange was apparently prompted by the private importation of dollars as a speculation, to profit by the difference between the sterling value of dollars as bullion, which was slightly over four shillings each and their nominal value of five shillings in the colony. 25 By the early months of 1822 there were around $400,000 in the colony and most of these were purchased by the Commissariat, together with a further amount of $67,553 which arrived in the Nimrod in April 1822. Despite belief to the contrary among the colonists, the government was apparently not involved in the importation of dollars. 26

The influx of dollars was used by Goulburn and Wemyss to change the time-honoured method of paying for produce purchased by the Commissariat. Instead of issuing Store Receipts which had been used to obtain Treasury bills to pay for imports, Wemyss, without any public notice, commenced paying for produce with Spanish dollars at the nominal value of five shillings, but would receive them only at their

24 Liston, 'Brisbane', p. 296ff.
25 Brisbane to Bathurst, 3 September 1823, HRA Vol. 11, p. 131.
26 A. Berry to J. Naylor and Company, 10 April 1823, Berry Papers, MSS 315/3, p. 217; Liston, 'Brisbane', p. 300.
bullion value of four shillings and two pence in exchange for Treasury bills. 27

The new arrangements aroused a storm of protest from all sections of the community. The opposition was led by the proprietors of the Bank of New South Wales in a memorial to the Governor early in May, signed by Captain John Piper, President of the Bank. He noted the large influx of dollars which would necessarily result in their value dropping to the bullion value unless the government declared a nominal value. The merchants were particularly adversely affected, as the shortage of Treasury bills would force them to transmit dollars for sterling accounts, by which they would lose twenty percent. 28 A memorial from the colonists in general containing 234 signatures requested the Governor to re-introduce Store Receipts and to allow duties quoted in sterling to be paid in dollars at five shillings. Twenty-two of the fifty-two Sydney signatories were merchants. 29 Apart from allowing the payment of duties in dollars at five shillings, the government was unmoved by the memorials and the newspaper correspondence over the issue. 30

The decision to go onto the dollar standard did not immediately reduce the number of Treasury bills drawn. A

27 Butlin, Australian Monetary System, p. 146ff.
29 ibid., pp. 741-742.
30 Gazette, 8 and 15 May 1823.
government notice of 6 June 1822 requesting applications from those requiring bills resulted in thirty-three applications within a month amounting to £38,884, and a further £31,440 worth were sought by September.\(^{31}\) This heavy demand prompted Wemyss to introduce a system of tendering for Treasury bills in amounts of £10,000. Tenders were periodically called for Spanish dollars to this amount at a nominal value of five shillings. The first tender resulted in the dollars being exchanged at a premium of eight percent, but early in 1823 a greater demand for bills forced the premium to twenty-five percent.\(^ {32}\) During 1824 and 1825 premiums fell to around fifteen percent, which kept dollars in circulation at a value of four shillings and fourpence.\(^ {33}\) Merchants were inconvenienced by the shortage of Treasury bills and the necessity to export some dollars, which were often difficult to obtain as they tended to be hoarded. The total number in circulation dropped by about half between early 1822 and February 1823.\(^ {34}\)

The Colonial Office was not much concerned with Brisbane's currency changes, but following consideration of colonial currencies by Parliament, it was decided to institute a uniform sterling standard and fix a rate of four shillings and fourpence for the Spanish dollar. A premium

\(^{31}\) Wemyss to Brisbane, 20 June, 5 July and 30 September 1822, Colonial Secretary Letters Received, 1789–1826, AONSW, 4/1757.
\(^{32}\) Gazette, 22 November 1822; Liston, 'Brisbane', p. 311.
\(^{33}\) Butlin, Australian Monetary System, p. 156.
\(^{34}\) Liston, 'Brisbane', p. 311.
of three percent was stipulated for Treasury bills. A government general order re-established the sterling system in New South Wales in January 1826. This change in policy created uncertainty and difficulties for merchants in the short term. Heavy imports from China and Calcutta had necessitated the export of dollars and there was no immediate prospect of receiving sufficient sterling currency to meet local requirements for the purchase of Treasury bills. The situation was exacerbated by the problems of the Bank of New South Wales, which had overextended itself and was not in a position to advance credit. The liquidity crisis prompted the newly formed Chamber of Commerce to petition the Governor for relief. Darling replied by releasing $60,000 owed by the Commissariat to the Colonial Treasury for the purchase of Treasury bills and issuing government notes to the value of £10,000. Thereafter shipments of British currency enabled the economy gradually to return to a fully sterling system, although dollars continued to remain in circulation and their local value remained a source of discontent among merchants and shopkeepers for several years.

The moves to reduce government expenditure through the monetary policy and the tendering system achieved


37 Butlin, *Australian Monetary System*, p. 169ff; *Australian*, 2 December 1829.
appreciable savings and were effective in intensifying the search for exports. Although there were protests from merchants and settlers when the dollar standard was introduced, there were those who took a more positive view. John Macarthur saw it as a legitimate method of reducing government expenses, and William Lawson recognised it as only a temporary setback and thought that "time, patience and industry will bring the colony forward; nothing can keep it back." 38

The effort towards increasing exports was made in an atmosphere of population growth and an influx of capital from immigrants taking up land grants or setting up as merchants or both. The figures for immigration from England to New South Wales and Van Diemen's Land for the early 1820s, which do not distinguish between men, women and children, are not accurate, but no doubt give a rough indication of the position (Table 9).

<table>
<thead>
<tr>
<th>Year</th>
<th>Immigrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1821</td>
<td>320</td>
</tr>
<tr>
<td>1822</td>
<td>875</td>
</tr>
<tr>
<td>1823</td>
<td>543</td>
</tr>
<tr>
<td>1824</td>
<td>780</td>
</tr>
<tr>
<td>1825</td>
<td>485</td>
</tr>
<tr>
<td>Total</td>
<td>3,003</td>
</tr>
</tbody>
</table>

38 J. Macarthur Sr. to J. Macarthur Jr., 31 January 1824, Macarthur Papers, A2899; W. Lawson to J. Sloper, 5 August 1823, Lawson Papers, B1475.

If only five hundred of this number were heads of families, each bringing £1,000 of disposable property, this influx of capital would have gone some way towards paying for imports.\(^{40}\) Added to this was the value of Treasury bills drawn by the Commissariat between 1821 and 1825 (Table 10), viz:

TABLE 10

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1821</td>
<td>166,315</td>
</tr>
<tr>
<td>1822</td>
<td>229,826</td>
</tr>
<tr>
<td>1823</td>
<td>95,828</td>
</tr>
<tr>
<td>1824</td>
<td>199,112</td>
</tr>
<tr>
<td>1825</td>
<td>170,899</td>
</tr>
</tbody>
</table>

The currency change had only a short-term effect on colonial trade. In 1824 and 1825 the premiums on Treasury bills were falling and Commissariat expenditure had risen from the low value of 1823 (Table 10). The initial shock of the change was probably salutary in that it restrained the growth of imports at a time when confidence due to rising export prices could have led intense speculation. Also, in the broader sense, the efforts to reduce the dependence of the colonists on government expenditure accelerated the transition to a free economy.\(^{42}\) In particular it led to the

\(^{40}\) Although the minimum property brought by migrants was set at £500, many brought more than the minimum. For an indication of the capital brought to the colony by migrants in the 1820s, see Public Records Office Series CO 201, Letters from Settlers.

\(^{41}\) Brisbane to Bathurst, 3 June 1825, HRA, Vol. 11, p. 624; Liston, 'Brisbane', p. 352.

\(^{42}\) ibid., pp. 352-354.
more intensive exploitation of timber as a saleable commodity in London. This, and the last flush of the sealing trade, helped to augment export earnings during most of the 1820s, until whaling, and to a lesser extent flax, promised substantial returns in the later years of the decade.
CHAPTER 4
THE TIMBER AND SEALING INDUSTRIES IN THE 1820s

The colonial timber and sealing industries in the 1820s produced staples which were sensitive to extensive exploitation and subject to competition on the British market from similar products obtained elsewhere. Cedar had to compete with exotic timbers from the Americas and seal skins could be secured in the South Atlantic and Canada. However, it was the exploitation of limited resources, with the attendant rising costs of procurement as stocks diminished, that relegated these products to short term significance as exports.

Timber

Outraged by "the gross political errors - not to say crimes of our government" in tampering with the currency, Wollstonecraft saw timber as the commodity that could be most quickly exploited to make up for the shortage of Treasury bills. Timber getting was also taken up by other merchants and by the mid 1820s timber for export was being procured along the New South Wales coast from the Shoalhaven River to Port Macquarie. Although some cedar had been cut on the Shoalhaven and the Hunter before 1820, the 1820s saw the commencement of the main onslaught on the coastal cedar and blue gum stands. Cedar cutting had developed

1 Brisbane to Bathurst, 27 January 1824, HRA, Vol. 11, p. 205.

2 Wollstonecraft to T. Davison, 1 August 1823, Berry Papers, MSS 315/2, p. 257.
sufficiently in the Illawarra by 1819 to warrant a
government proclamation threatening prosecution for cutting
cedar on Crown land without permission. ³ By 1821 a number
of settlers, including Sir John Jamison, William Cox and
Robert Cooper, had received permission to cut timber in the
Illawarra, some being brought to Sydney by sea and some
taken overland to Parramatta. ⁴ In 1822 the regulations were
tightened and permission had to be obtained from the
Colonial Secretary to cut cedar on unallocated ground.
Timber could not be unloaded from vessels until the Naval
Officer was satisfied as to the amount and location of
cutting. A duty of one half penny per superficial foot was
also imposed. ⁵

In the Shoalhaven area Berry and Wollstonecraft were the
principal producers of timber for export. In 1823
Wollstonecraft wrote to his London agent that he and his
partner would be interested in a contract for 5,000 to
10,000 tons of timber with provision to draw a bill for half
the value of each bill of lading, assuming a price of £10
per ton. ⁶ They were currently employing eight pairs of
sawyers and twenty men in felling and carting the timber to
the sea. By 1826 Berry and Wollstonecraft had eleven
contractors operating - sixteen saw pits and a stockpile of

³ J. Jervis, 'Cedar and Cedar Getters', JRAHS, Vol. 25,
⁴ ibid.
⁵ ibid., p. 136.
⁶ Wollstonecraft to Davison, 1 August 1823, Berry Papers,
MSS 315/2, p. 257.
630,000 feet of timber. In all they employed about one hundred and fifty men, of whom approximately half were convicts. Besides cedar and blue gum logs, they expected to export annually 70,000 trenails, cylindrical pins up to several feet long used for securing ships' timbers. They took turns in supervising their agricultural, pastoral and timber getting operations on the Shoalhaven. The timber was conveyed in their own small vessels to Sydney. It was then dispatched to London on their own behalf or that of other merchants or ships' captains to firms like Buckles, Lachlan and Sons, Thomas Davison and Thomas Wyatt, manufactured goods being received in return.

In 1826 Surveyor-General John Oxley listed eight individuals besides Berry and Wollstonecraft engaged in the cedar trade in the Illawarra and the adjoining district of Kiama and Gerringong. The largest operators were Rapsey and Mitchell with three pairs of sawyers, and Thomas Hyndes and James Wright each with seven pairs of sawyers. All eight owned their own boats to carry the timber to Sydney. As the timber was cut in sparsely settled areas there were problems with lawlessness among the convicts and disputes as

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7 J. Smith to Berry and Wollstonecraft, 19 January 1826, Berry Papers, MSS 315/6, p. 219.
8 Wollstonecraft to Darling, 29 April 1826, Berry Papers, MSS 315/3, p. 569.
9 Berry to Wollstonecraft, 13 October 1825, Berry Papers, MSS 315/86, p. 223.
10 Acting Collector of Customs to Colonial Secretary, 14 December 1827, Special Bundles, 1826-1934, AONSW, 4/1128.1; J. Oxley to Colonial Secretary, 8 December 1826, ibid.
to whether particular cargoes had been cut from Crown or private land. No really adequate solution was found to these difficulties. 11

Timber getting was subject to stricter regulation on the north coast than in the Illawarra, due to the presence of the penal settlements at Newcastle and Port Macquarie. Those responsible for the cutting or transporting of timber had to abide by the government regulations in respect to the numbers of the mostly assigned convict cutters and sawyers, restrict their movements to closely designated areas and ensure that liquor was not introduced. 12 On each occasion of sending vessels to Port Stephens, merchants or ship owners had to execute a bond for £500 to ensure that the crews would abide by the regulations, particularly in regard to spirits, as much to prevent smuggling as to keep it from the convicts. 13

The potential of north coast timber had been recognised in Macquarie's time. In 1815, Blaxcell, Lord, Underwood and Wiseman together with several others had unsuccessfully petitioned the Governor to allow them to cut timber. But in 1821 permission was given to Wiseman and James Underwood to take 10,000 and 24,000 feet respectively from Port

11 Collector of Customs to Colonial Secretary, 17 October and 13 December 1827, ibid.

12 Brisbane to Bathurst, 6 November 1824, HRA, Vol. 11, pp. 413-414.

13 See bonds executed by Street, Campbell, Lord and Shortt, Special Bundles, 1794-1825, AONSW, 4/7027.
Until the latter part of 1822 the timber cut on the Hunter by convict gangs from the Newcastle penal settlement was used almost exclusively by the government. When supply exceeded government requirements, a notice in the *Gazette* in August 1822 advised that cedar logs could be purchased at Newcastle at one penny per superficial foot.\(^{15}\)

From September 1822 to early 1823 Sydney traders took advantage of this offer and some thirty cargoes of cedar and coal were loaded varying from approximately 2,000 to 40,000 feet per cargo.\(^{16}\) Bingle and Company which had an establishment in Newcastle did regular trips between Newcastle and Port Jackson, and Thomas Street, Grono, Peacock, James Underwood and Robert Campbell also participated with one or two cargoes each.\(^{17}\) The London registered *Minerva* and *Princess Charlotte* took on cargoes of cedar directly from Newcastle on behalf of Simeon Lord.\(^{18}\)

In September 1822 Lord secured an exclusive contract with the government to take 500,000 feet of timber and a quantity of coal from Newcastle, for which he agreed to pay in cloth of his own manufacture at the rate of fifteen shillings per yard, and wheat at ten shillings per bushel.

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15 *Gazette*, 9 August 1822; Lord to Goulburn, 25 August 1822, Special Bundles, 1826-1934, AONSW 4/1099.2.
17 *ibid.*; J. Bingle and R. Dillon, to Brisbane, 13 June 1822, Letters Received, 1789-1826, AONSW, 4/1808.
18 Lord to Brisbane, 12 August 1824, Special Bundles, 1826-1934, AONSW 4/1099.2.
The wheat was to be paid into Commissariat stores at Sydney, Hobart and Launceston by Lord or his agents. Lord's contract virtually ended access to Hunter River timber by other traders. The government gangs could not produce enough to meet the demand and Brisbane would not allow private exploitation of Hunter Valley timber to avoid problems of interaction with the penal gangs. The centre of timber getting therefore moved north to Port Stephens and Port Macquarie.

From late 1822 to mid 1824 some twenty cargoes of timber were taken from Port Stephens and Port Macquarie, varying from 2,000 to 57,000 feet per cargo. Campbell, Wiseman, Levey and Lord were prominent in this trade. Lord initially contracted with Thomas Street to secure 200,000 feet of cedar and rosewood at Port Stephens, but a dispute developed and Street joined with Robert Campbell Jr. in a separate venture. Lord then associated with Francis Shortt and sent his own timber parties to Port Stephens. Breaches of the regulations by assigned convicts at Port Stephens, whereby they appeared at large in Newcastle where

19 Lord to Goulburn, 21 August 1822, ibid; Goulburn to Wemyss, 22 January 1823, ibid; Shortt to Brisbane, 29 November 1822, Letters Received, 1789-1826, AONSW, 4/1753.
20 Shortt to Goulburn, 19 March 1823, ibid., AONSW 4/1809; Shortt to Brisbane, 26 March 1823, ibid.
21 Cumpston, Shipping, Sydney 1788-1825, p. 134ff.
22 Contracts dated 10 June and 26 August 1822, Letters Received, 1789-1826, AONSW 4/1809; Lord to Brisbane, 9 June 1823, ibid; Thomas Street was a ship owner and overseas and coastal trader. Francis Shortt had been in partnership with Berry and Wollstonecraft at Cape Colony.
they were arrested and returned to Sydney, caused delays to shipments while explanations were made and fresh undertakings entered into with the authorities.\textsuperscript{23}

In June 1823 Thomas Raine in the \textit{Surry} secured "the finest cargo of cedar that ever was procured" at Port Macquarie, and in September the government let the first of a series of tenders, each for up to 300 tons of cedar cut by penal gangs in the vicinity of Port Macquarie. Lord, Wiseman and Levey were the principal successful tenderers and were generally required to take bullocks, horses and other livestock on the upward voyage to support the timber gangs.\textsuperscript{24}

As Berry and Wollstonecraft were the largest producers of timber on the south coast, so Lord, Street and Robert Campbell Jr. shared that honour for the north coast. Berry and Wollstonecraft seemed to have the best managed operation, with cutting, sawing and shipping being always directly under the control of one of the partners. Lord had trouble with his contractor at Port Stephens, and all those in north coast timber enterprises suffered loss and delays due to their teams breaking government regulations.

\textsuperscript{23} Lord to Goulburn, 10 March 1823, \textit{ibid}; Lord and Shortt to Brisbane, 14 July 1823, \textit{ibid}; H. Gillman to Goulburn, 24 December 1824, \textit{ibid.}, AONSW, 4/1810.

\textsuperscript{24} \textit{Gazette}, 26 June and 18 December 1823, 4 March and 15 August 1824.
The landed cost of colonial cedar in Sydney to the mid 1820s was approximately two pence half penny per superficial foot. Freight and charges in England about doubled this, so at the London price of between seven pence and nine pence per foot in 1824, a substantial profit could be made. The fall in London prices in 1826 and 1827 affected mainly blue gum and spotted gum, which fell from £8-£9 per ton to £7-£8, from which it declined further to £5 in 1830 due to the lessening demand for this type of timber for ship building. Cedar eased to sixpence halfpenny to eightpence in 1825 and fluctuated between fourpence and sixpence during the next few years. The fall in prices encouraged merchants to be more careful than hitherto in the selection, preparation and storage of timber for export, as slackness in these matters had resulted in substantial losses. The falling price of timber and other colonial products in the late 1820s was partly compensated by a reduction in freight rates from £5 per ton in 1822 to £3 per ton in 1829, brought about by the increased number of ships competing for return cargoes.

25 Lord to Brisbane, 12 July 1824, Special Bundles, 1826-1934, AONSW, 4/1099.2; Oxley to Colonial Secretary, 8 December 1826, ibid., AONSW, 4/1128.1; Sale of Berwick cargo, 16 November 1824, ibid., AONSW, 4/1099.2.

26 Gazette, 4 November 1824 and 29 September 1825; Berry to Wollstonecraft, 7 April 1827, Berry Papers, MSS 315/86, p. 363; J. Lachlan to Berry and Wollstonecraft, 24 March 1828, Berry Papers, MSS 315/5, item 33.

27 Berry to Wollstonecraft, 24 March 1827, Berry Papers, MSS 315/86, p. 351; J. Lachlan to Berry and Wollstonecraft, 24 March 1828, Berry Papers MSS 315/5, item 33.

28 R.M. Hartwell, The Economic Development of Van Diemen's Land 1820-1850, Melbourne, 1954, p. 120.
It is not possible to determine the total amount of timber exported from New South Wales in any year before 1828. The official British figures for cedar imports between 1822 and 1824 are (Table 11):

<table>
<thead>
<tr>
<th>Quantity (tons)</th>
<th>Approx. Value (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1822</td>
<td>6</td>
</tr>
<tr>
<td>1823</td>
<td>422</td>
</tr>
<tr>
<td>1824</td>
<td>1,608</td>
</tr>
</tbody>
</table>

The value of timber exported by Berry and Wollstonecraft between 1823 and 1828, based on a Sydney selling price of threepence per superficial foot, was as follows (Table 12):

<table>
<thead>
<tr>
<th>Year</th>
<th>Timber Value (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1823</td>
<td>571</td>
</tr>
<tr>
<td>1824</td>
<td>1,752</td>
</tr>
<tr>
<td>1825</td>
<td>930</td>
</tr>
<tr>
<td>1826</td>
<td>7,520</td>
</tr>
<tr>
<td>1827</td>
<td>8,169</td>
</tr>
<tr>
<td>1828</td>
<td>4,695</td>
</tr>
</tbody>
</table>

29 Milburn, Oriental Commerce, p.549.
30 Berry and Wollstonecraft Transactions (Timber), 1823-1839, Berry Papers, MSS 315/31-36.
The total value of timber exports given in the Colonial Secretary's Return for 1826, 1827 and 1828 are £10,638, £12,387 and £11,428 respectively. Although the earlier figures are probably not reliable, they agree reasonably with the official 1828 value, and Darling's statement that the cedar exports for 1827 were "about £10,000". These statistics indicate that Berry and Wollstonecraft had the major share of timber exports. In 1827 around ten percent of these exports were on behalf of other merchants or ships' captains. This proportion increased to about seventy percent in 1828 as they preferred to sell their timber locally and let others take the risk of losses in London.

Although timber prices were relatively high in London to the mid 1820s, the trade could still be hazardous if proper regard was not given to survey and quality, as Simeon Lord found to his cost. A cargo of timber he sent to London in the Castle Forbes was assessed by the government surveyor in Sydney as comprising 55,695 superficial feet, but was assessed in London as only 29,908 feet. Again the sale of some 60,000 feet of cedar from the Berwick sold for £901, but freight and other costs amounted to almost £1013. To add to his troubles, another cargo of timber in the Minerva

31 Darling to Huskisson, 10 April 1828, HRA, Vol. 12, p. 135.
32 Berry and Wollstonecraft Transactions (Timber), 1823-1839, Berry Papers, MSS 315/31-36.
33 Lord to Brisbane, 12 July 1824, Special Bundles, 1826-1934, AONSW, 4/1099.2.
34 Details of sale of Berwick cargo, November 1824, ibid.
had to be off-loaded at Valparaiso due to damage to the ship. Lord's losses on his timber ventures led him to make unsuccessful applications to Goulburn and Brisbane for compensation.

The hazards of the timber trade prompted the Sydney merchants to petition the Commissioners of the Treasury through the Governor against a proposed £3-16 per ton duty on colonial cedar. They pointed out that timber production employed a large labour force and materially helped to supply return cargoes for British ships. Cedar cut along the New South Wales coast, mainly for colonial use, continued to be a viable proposition until late in the 19th century, but from the late 1820s represented a comparatively small and decreasing component of export earnings. In the 1830s the annual value of all timber exports varied between £6,000 and £15,000 as total exports rose to over £1,000,000.

**Sealing**

The sealing trade was the first to provide an export staple for the colony. Sealers from Sydney were active around the southern coasts of the mainland and the islands of Bass Strait in the early years of settlement. In 1802 Governor King could report that small vessels were being

35 Lord to Brisbane, 12 July 1824, ibid.

36 Brisbane to Bathurst, 27 January 1824, HRA, Vol. 11, pp.204-206.

used for sealing, which was "the most considerable among the very few natural products of this country". 38 The early settlers sent their vessels on short trips to the south coast or adjacent islands and left gangs to collect skins and oil during the spring and summer when the seals were breeding. Alternatively they made longer voyages, calling at several sealing grounds, collecting skins and oil as they went. The choice depended on the prevalence of seals and the remoteness of the grounds. 39 Initially both fur seals and sea elephants were plentiful around the southern coasts. The skins of fur seals were salted for export, while sea elephant blubber was boiled down for oil, which was little inferior to sperm oil for lighting.

In the first decade of the 19th century seals were becoming scarce in Bass Strait due to over exploitation and some Sydney entrepreneurs, such as Simeon Lord, Robert Campbell, Henry Kable and James Underwood, were beginning to extend their sealing activities to Macquarie, Campbell and Auckland Islands and the coasts of New Zealand. 40 During this period trade in seal products helped to establish the first private commercial contacts between London and colonial merchants. Lord alone or with others exported in excess of 200,000 skins to London between 1807 and 1810.

38 M.C. Rush, 'Whaling and Sealing in Australian Waters', Historian, No. 24, October 1972, p.11.


40 Hainsworth, The Sydney Traders, p. 135ff.
which sold for approximately £40,000. At the same time skins were being sold in Canton via Campbell and Company who had a licence as country traders and by Lord, who circumvented the East India Company's monopoly by associating with Americans. Lord sent in excess of 50,000 skins to China between 1800 and 1806.\(^41\)

During Macquarie's governorship low prices for skins in London and restrictive local duties on skins and sea elephant oil resulted in a decline in the trade. Joseph Underwood, who bought his brother James' ships in 1811, was the only Sydney merchant consistently engaged in securing seal skins and oil after 1813.\(^42\) By 1815 fur seals were scarce at Macquarie Island:

> Between three and four years ago Macquarie Island was discovered to abound in seals and above 100,000 skins were secured there in one season. The case, however, is now very different, as the whole number collected there by several gangs this season does not exceed five or six thousand.

Although seals were scarce at Macquarie Island, there were still sufficient sea elephants visiting the island to mate to justify gangs of twelve to fifteen men being stationed there for up to eighteen months at a time to kill sea elephants and boil down their blubber.\(^44\) Underwood's ships Elizabeth and Mary, Wellington, Midas and Perseverance

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41 ibid., p. 151 and pp. 133-134.
42 Cumpston, Macquarie Island, p.27.
43 Gazette, 22 April 1815.
44 Cumpston, Macquarie Island, pp. 6 and 17.
made repeated voyages to the island to collect oil and return and replace gangs. The sealing gangs were paid on the lay system, so that their rewards depended on the amount of oil produced and the number of skins obtained. Individuals were awarded between one eightieth and one hundredth lay, depending on their status and skills. For instance, a boatswain, carpenter or cooper received a greater share than a sealer or seaman. Apart from collecting oil from Macquarie Island, the ships often visited Campbell or Auckland Islands and the coasts of New Zealand where seals were still relatively plentiful.

The removal of local duties on seal skins and oil in 1819 led to a short resurgence of the sealing industry in the 1820s. Underwood continued sending gangs to Macquarie Island for oil and to the coasts of New Zealand for skins. Gangs were also maintained at Caroline Cove, Macquarie Island, by the Sydney entrepreneur John McQueen. The main sealing activities were on the coasts of New Zealand where skins were obtained by Grono and Levey with the ship Elizabeth, Robert Campbell with the Hawiis and Jones and Riley with the Samuel. The sealing grounds were also visited by a number of ships owned by Hobart merchants, but the bulk of the sealing trade was conducted from Sydney. If ships failed to obtain their quota of skins or oil, they

45 Cumpston, Shipping, Sydney 1788-1825, p. 85ff; McNab, Murihiku and the Southern Islands, p. 268ff.
46 Cumpston, Macquarie Island, pp. 2-3.
47 See Chapter 1, p. 28.
would often take on New Zealand flax and spars. The *Gazette* reported some thirty-seven departures from Sydney to the sealing grounds between 1823 and 1826. 48

Sealing was a hazardous operation and the results were variable depending on season and weather. Typically a merchant may obtain up to 10,000 skins and up to 300 tons of oil in a season. 49 The small ships used were generally between seventy-five and one hundred and seventy-five tons burden and had to battle with stormy seas. Ships were wrecked at Macquarie Island in 1812 and 1824 and it was not unusual for vessels to have to remain hove-to off the island for up to seven weeks because of unfavourable weather. The sealing parties collecting oil at Macquarie Island or skins on the New Zealand coast were subject to accident, sickness or attack from the natives. 50 In a typical incident the captain of Richard Jones' ship *Samuel* and five crewmen were assassinated by Maoris in Cook Strait in July 1824. 51 The life style of sealing gangs on Macquarie Island is described by Peter Cunningham thus:

> the wretched stone and turf-walled and grass-roofed hovels they inhabit, are rendered as dingy and dismal...as the interior of an Esquimaux palace, and send forth an odour to which that of the nightman's museum of foul abominations is myrrh and frankincense. They are paid according to what oil they procure, and expend their earning chiefly on


49 *ibid.*


51 *Gazette*, 30 September 1824.
the island in such necessaries as they may want, but principally in wines, spirits and tobacco.\textsuperscript{52}

Despite the general decline in seal numbers, there were still some high expectations for the industry. In July 1824 a correspondent in the \textit{Gazette}, in listing ten ships engaged in sealing, anticipated that they would gather 40,000 to 50,000 skins.\textsuperscript{53} This letter roused the ire of Solomon Levey, who replied that Grono had secured only 12,000 skins in three voyages, while Underwood's vessels had not brought back 40,000 skins in two years.\textsuperscript{54} Levey was hopeful that the price would increase above the fifteen shillings each he had received for a recent cargo of 5,000 skins. Levey's predictions were essentially correct, as only approximately 25,000 skins were taken from ten voyages in 1825, of which approximately 14,000 were taken by the Underwood ships.\textsuperscript{55}

The prices obtained on the London market varied with demand and the type and quality of skin. For instance, a consignment of skins sent to London in 1824 on speculation jointly by Riley and Walker and Robert Brooks, captain and part owner of the ship conveying the skins, for which they paid between three shillings and five shillings in Sydney, were sold for from three shillings and five shillings in Sydney, were sold for from three shillings and sevenpence and twenty-six shillings. This gave a return of £101 including

\textsuperscript{52} Cunningham, \textit{Two Years in New South Wales}, p. 103.
\textsuperscript{53} \textit{Gazette}, 1 July 1824.
\textsuperscript{54} \textit{ibid.}, 15 July 1824.
\textsuperscript{55} Cumpston, \textit{Shipping, Sydney 1788-1825}, pp. 155-161.
freight and charges on an outlay of £64. In the same year Icely paid nine shillings each for 1,585 skins from Cooper and Levey which were presumably of a higher quality.

The over exploitation of seals on the coasts of New Zealand and the southern islands was clearly apparent in 1826, when seven vessels collected barely 19,000 skins. This was virtually the end of the fur seal trade and exports in future years were negligible. By the late 1820s the sea elephants had also become almost extinct. Approximate oil cargoes taken from Macquarie Island are as follow (Table 13):

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1822</td>
<td>350</td>
</tr>
<tr>
<td>1823</td>
<td>400</td>
</tr>
<tr>
<td>1824</td>
<td>600</td>
</tr>
<tr>
<td>1825</td>
<td>250</td>
</tr>
<tr>
<td>1826</td>
<td>450</td>
</tr>
<tr>
<td>1827</td>
<td>300</td>
</tr>
<tr>
<td>1828</td>
<td>100</td>
</tr>
<tr>
<td>1829</td>
<td>80</td>
</tr>
</tbody>
</table>

Between 1821 and 1826 Joseph Underwood took approximately 1,000 tons of sea elephant oil, which was bringing around £25 per ton in London. It was fortunate for the Sydney and Hobart traders that as the seal fishing industry rapidly

57 Cooper and Levey Ledger 1823-1825, Folio 14, University of Sydney, Rare Books, (uncat.).
58 McNab, Murihiku and the Southern Islands, p. 260.
59 ibid., pp. 270-276; Cumpston, Shipping, Sydney 1788-1825, p. 131ff.
60 ibid., p. 126ff; Cumpston, Macquarie Island, p. 36.
declined after 1826, the whale fishery offered a lucrative alternative.

The fisheries contributed significantly to total exports to the mid 1820s, but in the absence of reliable statistics only an approximate breakdown of exports is possible. Between 1821 and 1826 it appears that the total value of export staples was made up roughly of fifty percent wool, thirty percent fisheries products, twelve percent timber, the remainder comprising skins, bark and coal. In the late 1820s and early 1830s whale products were to rival wool as the principal export, but the only real progress in developing a long term staple export between 1821 and 1826 was in wool growing. The expansion in production and the conscious efforts to improve its quality indicated a desire on the part of graziers to bring to fruition its predominance as a colonial staple.

The dollar system introduced by Brisbane had caused much less economic disruption than anticipated by some of the merchants and had been largely neutralised by the capital brought in by new settlers among whom merchants were prominent. In general the change in currency and Brisbane's retrenchment policies forced the merchants to seek additional avenues of export income and to depend less on government expenditure. This stimulated development towards a free enterprise economy. 61

61 Butlin, Australian Monetary System, p. 190; Liston, 'Governor Brisbane', p. 354; W. Lawson to J. Sloper, 5 August 1823, Lawson Papers, B1475; Wollstonecraft to
From the early days of settlement the merchants had provided the capital and entrepreneurial skills for the procurement and export of staples like seal skins, seal oil, sandalwood and latterly coal and timber. They continued to do this in the 1820s and 1830s as whaling replaced sealing and New Zealand flax and timber replaced local timber. By the mid 1820s they were also supporting the pastoral industry in buying and advancing on wool and supplying credit for supplies and equipment. This interface with the pastoralists was to prove of overwhelming importance to the wool trade.

Davison, 1 August 1823, Berry Papers, MSS 315/2, p. 257.
The period 1827 to 1831 was one of economic depression in New South Wales, during which prices for colonial staples in London declined sharply, wool and timber being most severely affected. The loss of export income by farmers and graziers was exacerbated by a two year drought, when sheep and cattle prices, which had been at high values in 1826, fell steeply. Despite the adverse effects of the drop in prices, the increased volume of staple products exported, comprising mainly fishery products and wool, resulted in the value of exports quadrupling during the period, while the value of imports increased by only about forty percent (Table 14). The upsurge in trading was matched by an increase in the number of import-export merchants to over forty, of whom about twenty arrived between 1827 and 1831. The main problem for merchants at this time, apart from bad debts, was the fall in the price of imported goods, particularly those from Britain.

The expansion of overseas trade is indicated in the nominal value of imports, exports and the number of ships entering the port of Sydney between 1827 and 1831 (Table 14).
The drop in imports in 1830 reflected the delayed reaction to the effects of the glut of manufactured goods on the Sydney market, where drought and low prices for colonial products had curtailed consumer buying power.

The value of the more important exports during this period was as follows (Table 15).

**Table 15**

<table>
<thead>
<tr>
<th>Year</th>
<th>Wool</th>
<th>Fishery Products</th>
<th>Timber</th>
<th>Flax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1828</td>
<td>£40,851</td>
<td>£26,431</td>
<td>£11,428</td>
<td>£2,600</td>
</tr>
<tr>
<td>1829</td>
<td>£63,555</td>
<td>£54,970</td>
<td>£16,293</td>
<td>£7,231</td>
</tr>
<tr>
<td>1830</td>
<td>£34,907</td>
<td>£59,471</td>
<td>£5,218</td>
<td>£14,406</td>
</tr>
<tr>
<td>1831</td>
<td>£79,970</td>
<td>£93,000</td>
<td>£8,401</td>
<td>£16,376</td>
</tr>
</tbody>
</table>

The value of imports was, to some extent, inflated towards the end of the period by the fishery products, mainly whale oil, and by flax, both of which, although imported from New Zealand, were for all practical purposes colonial products imported free of duty which were mostly

1 Returns of the Colony.

2 *ibid.*
re-exported. Next to wool, fishery products were the leading exports, with the latter taking precedence in 1830 and 1831. Timber as the next most valuable export gave way to flax for a limited period from 1830.

The economic aspects of the slump of 1827 to 1831 have been outlined by S.J. Butlin in relation to the monetary system, and more generally by R.M. Hartwell. Both conclude that the main causes of the depression were the downturn in England in late 1825 due to the collapse of joint stock company speculation and the decline in wool prices in 1826 because of the British slump, combined with the reduction of the customs duty on foreign wool from six pence per pound to one penny. Local influences were the drought and the liquidity crisis from mid 1826 associated with the changeover from the dollar to the sterling standard, together with the export of bullion to pay for large imports from Mauritius and China. There was also the embarrassment of a glut of manufactured goods which had been dispatched before the recession.

Local opinion emphasised the over-speculation on imports and excessive credit as the cause of the heavy fall in the price of imported goods. In his evidence before an Executive Council inquiry into the affairs of the Bank of New South Wales in 1828, T.G. Savage, a merchant and pastoralist explained that

much of the present distress arose from the excessive imports...that the second rate dealers had been tempted by comparative cheapness of the goods to make large purchases; fresh imports reduced prices still lower...until at last the market had been glutted...settlers from a failure of their crops are unable to pay, and the dealers from over speculating are unable to pay the importers.

W.J. Browne echoed this opinion, adding that the banks were at fault in that they "have afforded the means of speculating to persons without capital." This conclusion was endorsed by John Macarthur, the third witness before the Council. 4

While all the factors mentioned had some effect on economic conditions, the drought and consequent drop in grain and wool prices caused the greatest distress to settlers. According to J.D. Lang the drought was "of nearly three years' duration" and "brought many respectable families to poverty and ruin". 5 In his annual report for 1828, the president of the Agricultural and Horticultural Society of New South Wales, Sir John Jamison, noted that "for eighteen months past" the country had been without rain, "except for a few light thunder showers". Wheat and other grains were not realising more than "half a productive harvest". The drought continued in 1829, but some patchy rain in spring resulted in a better harvest. The middle

5 Lang, Account of New South Wales, p. 199.
months of 1830 were very dry. The harvest was partly saved by late rains, but rust resulted in low wheat yields.\textsuperscript{6}

The effect of the drought appeared in the wheat price. For the first six months of 1827 this was between four and five shillings per bushel, indicating a plentiful supply. It then rose gradually to seven shillings at the beginning of 1828 and up to a peak of eighteen shillings in September 1828, when the price of potatoes was around twenty shillings per hundredweight. In June 1828 Darling removed duty and wharfage charges on imported grain for six months and reduced the convicts' bread ration.\textsuperscript{7} The price of wheat fluctuated between ten and fifteen shillings for the next twelve months and during 1830 fell with some variations to seven shillings after which it rapidly fell to four to five shillings, with potatoes around four shillings per hundredweight. These prices were maintained for the next two years.\textsuperscript{8} The quantity of wheat imported during these years is shown in Table 16.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
\textbf{Year} & \textbf{Wheat Imports (Bushels)} \\ 
\hline
1828 & 85,716 \\ 
1829 & 107,929 \\ 
1830 & 70,904 \\ 
1831 & 71,892 \\ 
\hline
\end{tabular}
\caption{Wheat Imports (Bushels) 1828-1831} \label{table:16}
\end{table}

\textsuperscript{6} Annual Report of the Agricultural and Horticultural Society of New South Wales, 1828, 1829, 1830.


\textsuperscript{8} \textit{Gazette}, Local Prices, 1827-1828.

\textsuperscript{9} Returns of the Colony: \textit{Gazette}, 19 November 1829.
The increased price of basic commodities put pressure on wages and led to a strike for higher wages in 1829. The pressure on wages and the cost of rations fell mainly on settlers, particularly those paying off the cost of land to the government, who were granted deferment of payments at low interest.

Apart from the lower prices of wool, the graziers' livelihood was threatened by the decline in stock prices, the sale of which to new settlers constituted a substantial portion of their income. Sheep were selling at prices as low as one-tenth and cattle one-third of the 1826 prices in 1829 and 1830. The price range of colonial wools was so wide, depending on quality, cleanliness and packing, that it is difficult to arrive at average prices. Reports from London certainly indicated a fall from in excess of two shillings per lb. in 1824 and 1825 to between one shilling and one shilling and ninepence per lb. between 1827 and 1830. Some pastoralists withheld their wool from sale in 1827 in the hope of better prices the following year. However, the market continued dull and did not commence an upward tendency until 1831 when the better wools again reached two shillings per pound. As pastoralism and agriculture were as yet at most sideline interests to the

10 Gazette, 8 December 1829.
12 ibid., p. 56; Gazette, 27 July 1824 and 17 February 1825; ibid., Reports of London prices 1827-1831.
majority of merchants, they were affected only indirectly by the slump in wool prices, through the settlers' inability to purchase imported goods and pay debts.

As previously discussed, some of the merchants were affected by the decline in timber prices. The price of cedar fell from between six and seven pence to around four or five pence per foot and blue gum from £8 or £9 to as low as £5 per ton in 1830. However, the whaling boom of the late 1820s was a significant factor in helping the merchants through the depression. In 1826 the London price of sperm oil was £50 to £60 per ton. It then rose and fluctuated between £73 and £85 during the next three years as the demands of the industrial revolution increased. The price was highest following the failure of the 1830 northern whaling season, when it was reported that some nineteen ships were lost in the Davis Straits. Black southern whale oil maintained a reasonably constant price of between £30 and £35 per ton over the period, with a peak of over £40 in late 1830 when sperm prices were also high.

The great advantage of whaling ventures from the point of view of colonial merchants was that they could be mounted with minimum liquidity. The relatively small ships of 100

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13 See Chapter 4, p. 84.
14 Buchanan to Bowman, 24 June 1830, Macarthur Papers, A4268; Gazette, London Prices, 13 January and 27 March 1827, 16 July 1828, 24 May 1831.
15 ibid., 8 March 1831.
16 ibid.
to 200 tons for bay whaling as well as the larger vessels
for sperm fishing could be bought or chartered on credit or
diverted from less profitable activities. The same applied
to their outfitting and to whaling gear and casks which were
imported. The crews were contracted for a negotiated
'lay', which could well have been in kind. Most of the
oil returned from either bay or sperm whaling was
transferred to an overseas ship at Sydney for London with
little additional expense.

The same conditions applied to the New Zealand flax
trade, which, together with whaling, helped to discharge
merchants' London debts as well as conferring benefits on
the colonial economy. There were over twenty ships
operating out of Sydney on whaling ventures in 1830 and
around the same number bringing flax. The number of vessels
registered per year doubled from nineteen in 1827 to thirty-
eight in 1831. This activity required new wharves and
special facilities for cleaning and refurbishing the whaling
fleet at the north shore, from where, hopefully, the noisome
smell of whale residues would not offend the citizens.
There was also an expanded demand for ships' stores and
victuals, which stimulated the local production of salt beef

17 See Chapter 12, pp. 320-321.
18 Gazette, 20 May 1830; I.H. Nicholson, Shipping Arrivals
and Departures, Sydney 1826-1840, Canberra, 1977,
p. 47ff; Votes and Proceedings, 1843, p. 457.
19 Herald, 21 November 1831.
and biscuit which became substantial exports in the early thirties. 20

Both settlers and merchants were affected by the problems of the Bank of New South Wales, which had to borrow £20,000 from the government in 1826 and a further £15,000 in 1828, so that it could contribute little in the way of providing credit during a critical period. With cash locked up in the Commissariat in payment for bills on the Treasury, or shipped overseas in payment for imports, mainly to London or Mauritius, credit was the order of the day. As the Gazette reported, "such things as ready money transactions are nowadays never heard of; credit is the only hinge on which business turns." 21

Both Butlin and Hartwell are somewhat enigmatic on the subject of capital import into the colony during the depression. While they agree that the economic setback in Britain in 1825 restricted capital flow, Hartwell estimates that there was a net capital import of "at least £250,000 between 1827 and 1830." 22 Butlin, being mainly concerned with banking, does not pursue the matter rigorously, but concentrates on the Bank of New South Wales crisis and liquidity problems. A.G.L. Shaw, in referring to conditions in the colony in 1828-9, remarks that "when British capital

21 Butlin, Australian Monetary System, p.199ff; Gazette, 31 October 1827, 27 January and 28 May 1829.
stopped flowing in, depression succeeded the boom". 23 On the other hand, on the basis of inflow of immigrants with capital, investment by the Australian Agricultural Company and the attraction of whaling, Fitzpatrick claims that in 1827 and 1828 "capital continued to pour into New South Wales". 24 Fitzpatrick may be overstating the case, but Governor Darling confirmed that there was sufficient capital coming to the colony when he reviewed the economic situation in 1828.

Darling, referring to the current imbalance in colonial trade and allowing for Commissariat bills and bills drawn by the Military, concluded that there was still a trade deficit of about £100,000. Yet he saw no cause for concern as there was no evidence that "the importers of goods or the consignees of imports have failed to satisfy the calls of their correspondents in England". From this he considered that adequate capital "is in the course of being transferred to the colony, either directly or by persons emigrating as settlers, or indirectly by the extension of credit to importing merchants and others". The colony had "established for itself credit in England and elsewhere" which "cannot fail to advance its prospects" so that the "excess of imports into a new and rising colony ought to be


regarded rather as a favourable prognostic than the reverse".  

The fact that between 1826 and 1831 Darling alienated at least 1,700,000 acres, approximately twice as much as in the whole period since the first settlement, indicates a high rate of capital import. The accompanying accelerated immigration during this period included many half pay military and naval officers, but as a half pay army captain would receive about £1,200 for the sale of his commission and senior officers proportionally more, "in general they were provided with adequate capital." The economic downturn in Britain in 1825, while having an adverse effect on the price of colonial products, was probably advantageous in respect to capital import. The collapse of internal and American investments would tend to direct capital to areas such as the Australian colonies where medium to long term growth was assured. Disregard of temporarily depressed local conditions is evident in the relatively large intake of merchants during the depression, particularly those with substantial capital such as Bettington, Gore and Montefiore.

27 Madgwick, Immigration into Eastern Australia, pp. 54-55.
28 Macmillan, Scotland and Australia, p. 234; Rostow et.al., British Economy, pp. 212-213.
How did the merchants fare in the difficult economic conditions following 1827? In May 1827, Robert Howe observed that in his twenty-seven years in the colony he had never seen building going on with "more vigour and greater contempt for money". In 1829 the *Gazette* reported that building was still "being carried on to a considerable extent". At the end of 1830 it was again noted that "the rage for building never existed as at present". Mrs Reiby, Pitman, John and George Paul, George Williams, Daniel Cooper, Terry Hughes and Aspinall Browne and Company were conspicuous in erecting new commercial buildings in the central area of Sydney. To accommodate the increased volume of shipping Campbell extended his wharf on the west side of Sydney Cove, while the government upgraded King's Wharf. New wharves were constructed in Darling Harbour by Jones and Walker, Pitman and Street. Cooper and Levey built a wharf at Point Piper.

The commercial building was evidence of thriving business activity. In January 1828 the *Gazette* commented "the mercantile and trading interests of this colony were never, at any period of time, in a more flourishing condition", at a time when Sydney Cove and Darling Harbour

29 *Gazette*, 18 May 1827.
30 *ibid.*, 28 July 1829.
31 *ibid.*, 16 November 1830.
32 *ibid.*, 4 February and 12 September 1828, 23 September 1830.
33 *ibid.*, 12 and 15 October 1827, 6 and 22 September 1829, 15 October and 19 December 1829.
were crowded with shipping, with forty-three ships in the port. 34 A few days later the same paper noted the unprecedented amount of imports coming into the colony and reported that manufactured goods were selling at fifty to sixty percent under prime cost; a situation which had not changed by the end of 1829. 35 Yet "commerce and all connected with it" continued "silently and auspiciously to flourish" and by the end of 1830 the Gazette was commenting on the contrast between the complaints of poverty and the evident bustling commercial activity. 36 Another indication of commercial progress was the high price at which land and property were exchanged in the central business district of Sydney and in the vicinity of Darling Harbour. 37 In 1828 land in Bridge Street reputedly sold at a price equal to that in the "most populous and flourishing towns in the United Kingdom". 38 In 1829 the Gazette reported that urban land was trebling in value within six months. 39

The enthusiasm for colonial progress shown by the Gazette reflected that of its editor Robert Howe, who was always ready to support ventures which he could endow with the accolade 'Advance Australia'. Editors of the other main

34 ibid., 9 January 1828.
35 ibid., 18 January 1828, 26 September 1829.
36 ibid., 28 May 1828, 14 September 1830.
37 Gazette, 8 and 12 September and 31 October 1828, 15 October 1829, 3 June and 16 November 1830.
38 Australian, 30 October and 16 December 1828.
39 Gazette, 15 October 1829.
colonial newspapers had other concerns apparently seeing nothing in the commercial situation to cause undue alarm. The Australian under the editorship of Robert Wardell was primarily concerned with political confrontation with the government and gave little attention to commercial matters. This did not change much when A.E. Hayes took over the editorship in 1828, as he was also at odds with Darling. But a number of editorials in the latter half of 1828 and early 1829 dealt with the imbalance between imports and exports, for which the principal remedy was seen as the formation of a joint stock company to prosecute the sperm whale fishery. Edward Smith Hall, the editor of the Monitor was also much involved in political controversy with the local government, particularly with attempts by Darling to control the press, and was not greatly concerned with commercial affairs. However, he had no patience with the almost universal condemnation of large imports, as he considered that Commissary expenditure and other capital imports compensated for the disparity between imports and exports. He saw the main colonial problem as the drought conditions which caused distress to the agricultural and grazing community, claiming that the "whole of our embarrassments are to be laid to our bad harvests."
Given the generally buoyant commercial conditions, who were the victims of the depression? Clearly it was not the import-export merchants as a group. Some struck financial difficulties in speculative ventures, such as John Lamb, who lost heavily in whaling and in New Zealand timber ventures. Although details are not available, it is likely this was due to a combination of bad luck, bad management and logistic problems in New Zealand.  

On the other hand, if well selected goods were imported a profit could be made as reported by Henry Gilbert Smith who successfully sold the merchandise with which he arrived in 1827. He went back to England in 1829, returning in 1830 with a further cargo from which he again received a good profit. Berry and Wollstonecraft, who were almost entirely dependent on timber for overseas earnings, had their profits reduced severely. In receiving news of a bare £55 profit on a cargo of timber in London, Berry typically prophesied "total failure of our speculations due to the fall in the market". However, by taking greater care in the selection, preparation and storage of timber and concentrating on selling it locally to ships' captains and other merchants they survived the period of depressed market. Although others suffered losses and a few bankruptcy, their problems were mainly related to the

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43 See Chapter 6, pp. 122-123.

44 ADB, Vol. 2; H.G. Smith to his father, 14 September 1827 and 21 November 1830, Smith Family Papers, MSS 660.

45 Berry to Wollstonecraft, 7 April 1827, Berry Papers, MSS 315/85-88.

46 ibid., 8 and 22 April 1827; Timber Invoice Book 1828-1829, MSS 315/31-36.
failure of their debtors rather than their own actions. There was a dramatic increase in the actions for debt between 1826 and 1829 as per Table 17.

TABLE 17

<table>
<thead>
<tr>
<th>ACTIONS FOR DEBT 1826-1829</th>
<th>1826</th>
<th>1827</th>
<th>1828</th>
<th>1829</th>
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<tr>
<td></td>
<td>610</td>
<td>920</td>
<td>1749</td>
<td>2226 (10 months)</td>
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Many of these debts were for relatively small amounts. The more substantial cases where the Sheriff directed the sale of property and personal effects, were listed in the press, as were the notices to prospective insolvents to attend the Supreme Court for examination of their financial situation. Several hundreds of these notices were published between 1828 and 1831 and a random sample of approximately one hundred cases indicates that the debtors were predominantly farmers, shopkeepers, tradesmen and publicans in that order. In the great majority of cases the debts were owed to merchants.

It was not surprising that farmers were high on the list of debtors, given the drought conditions of 1828 and 1829.

47 Gazette, 12 July 1831; Darling to Murray, 17 December 1829, HRA, Vol. 15, p.290.

The straitened circumstances of the settlers in turn affected shopkeepers and tradesmen. The high prices of basic foods like wheat, flour and potatoes also restricted the purchasing power of labourers and mechanics, which again reacted on those in business as retailers, millers, bakers and publicans.

Of the merchants substantially involved in overseas trading only David Maziere, who had come from Ireland in 1823, and Thomas Raine suffered bankruptcy. Maziere was heavily in debt to the Sydney firm of Cavenagh and Robinson, as well as to other local merchants. He was forced to sell his Sydney and Hunter River properties, but was reportedly back in business in mid 1828.\textsuperscript{49} The most spectacular failure was that of Thomas Raine. In 1827, Ramsay withdrew from the partnership, feeling that Raine was borrowing too heavily from the Bank of New South Wales, speculating too heavily and appropriating some of the firm's money for his own use.\textsuperscript{50} When the Bank of New South Wales requested a government loan in 1826, an investigation of the Bank's affairs showed that Raine, Robert Cooper and Robert Campbell Jr. were debtors to the Bank to the amount of $250,440, over half the Bank's loans.\textsuperscript{51} At a meeting of his creditors early in 1829, Raine offered to pay eight shillings and

\textsuperscript{49} Gazette, 7 and 14 December 1827, 7 January and 5 May 1828.

\textsuperscript{50} D. Ramsay to J. Ramsay, 9 November 1827, Ramsay Papers, MSS 564/1; Wollstonecraft to Berry, 6 March 1829, Berry Papers, MSS 315/50, p. 139.

sixpence in the pound, which all except T.H. James accepted, so that he was forced to sell his ships and merchandise.\(^{52}\) However, he retained his operation at Hokianga River in New Zealand for several years before settling on his property at Bathurst. Other merchants, like Simeon Lord and John Raine, flour miller and brother of Thomas, had to dispose of part of their property to discharge their indebtedness to fellow merchants.\(^{53}\)

Merchants who thrived during the depression were those who held auctioneers' licenses. The high rate of foreclosures for debt and the auction of imported goods which could not be sold profitably in the normal way, ensured a high turnover for auctioneers such as John Paul, Rapsey and Mitchell and R.C. Pritchett, who had all been involved in overseas trading since the mid 1820s. One of the most successful auctioneers was the emancipist Samuel Lyons. In 1829 he was reported to have sold £34,000 worth of goods and £60,000 worth in 1831.\(^ {54}\)

A further indication of the relatively secure position of merchants, was the tendency to write off debts rather than pursue debtors from whom they could expect only a small return. The Insolvent Act of 1830 provided that creditors

\(^{52}\) Gazette, 11 March 1830.


\(^{54}\) ADB, Vol. 2 (Lyons); Gazette, 13 August 1829, 12 January 1832.
should appoint trustees to negotiate payment or arrange for the disposal of property. In many cases creditors did not bother to appoint trustees and the insolvent was left to avoid penalties unless individual creditors were prepared to take court action. The expense involved limited this line of action. A tactic used by some debtors was to leave the colony, usually for Van Diemen's Land where they were outside local jurisdiction.

The relative immunity of overseas traders from the effects of the depression has not been noted by historians previously because the period 1827 to 1831 has so far been treated only in general terms. The influence on the pastoral industry of the drought and the fall in stock and wool prices following a short period of speculation, based on John Dunmore Lang's account, has been generally followed by later historians. Commerce has been given virtually no attention. Hartwell has been content to cite the evidence of T.G. Savage already quoted, which claimed that an excess of imported goods had caused losses to importers, wholesalers and shopkeepers. From the contemporary press and insolvency records it is evident that there was financial hardship in most sections of the community, but there is little evidence of the intense distress so

55 ibid., 6 October 1831.
56 ibid., 2 March 1830.
prevalent during the 1840s depression. Although not greatly affected by the depression, some merchants like Lamb and Dacre started to accumulate high levels of London debt because of the growing tendency to retain funds derived from the sale of manufactured goods for local speculations in whaling or for advances on wool consignments. 58

The overseas traders were not greatly troubled by the depression because in general they were not the victims of the collapse of a sustained speculative boom, which is the classical condition for mass insolvencies. Neither the rising staple prices nor the influx of new settlers had been on a scale or duration sufficient to cause the wild speculation that was to characterise the boom of the late 1830s and early 1840s. Although there were losses on an excess of manufactured imports which often had to be cleared at low prices, these were mostly consigned by British merchants as speculations, so that they or the local shopkeepers who over-purchased from merchant consignees stood to lose. As far as the colonial overseas merchants were concerned, London debt was not a major problem. If they did accumulate debt in England, a considerable time would necessarily elapse before legal action could be taken against defaulters, given the slowness of communications. In some cases creditors in London wrote pleading letters for years to have debts discharged. 59 Also with the rising rate

58 See Chapter 6 and Chapter 10.

59 Morrison to Berry 3 October 1833 and 12 August 1834, Berry Papers, MSS 315/4, p. 171; S. Richards to Berry and Wollstonecraft, 14 September 1826, Berry Papers, MSS
of exports, debtors could fob off creditors by promising shipments of colonial products to liquidate debts. 60

With the breaking of the drought in 1830, the improvement in wool prices in 1831 and increasing income from fisheries, the Gazette could give an optimistic view of the future of the colony: "her commerce...in healthful and active operation...her trade brisk...her manufactures increasing...her varied resources becoming better understood and more successfully developed". 61

Despite difficulties in obtaining bank credit and liquidity problems, commercial activity flourished and expanded between 1827 and 1831. The approximate doubling in the number of overseas traders and the expansion of imports and exports were proof of its vigour. The substantial capital inflow also assisted commercial development, as the drought limited its application to promoting pastoralism. Alexander Berry epitomised the situation when, in 1832, he noted that the colony was recovering from the depression, a revival which had been "in a great measure owing to the efforts which have been made to produce exports". 62

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60 Berry and Wollstonecraft to Morrison, 10 April 1832, and to J. Oakly, 12 August 1832, Berry Papers, MSS 315/4, pp. 143 and 149.

61 Gazette, 5 November 1831.

62 Berry and Wollstonecraft to J. Oakly, 12 August 1832, Berry Papers, MSS 315/4, p. 149.
During the 1820s the merchants became pivotal to the progress of the colony. By the early 1830s they were the main exporters of wool and the exclusive exporters of whale oil, flax, timber and other lesser staple products such as seal skins, hides and tanning bark. They were also the principal source of credit to the pastoral industry. The interdependence between the merchants and the agricultural and pastoral industries was increased by the indulgence of most merchants in grazing and farming and their equal interest in wool as a key export. Overall, the 1820s were marked by great pastoral and commercial expansion. During the decade the economy was transformed from one largely dominated by government expenditure to one largely based on free enterprise.
CHAPTER 6
THE PENALTIES OF DISTANCE

As colonial trade continued to expand during the 1830s, problems of communication and finance, which had always existed because of the distance between the colony and Britain, became more acute as larger amounts of capital were involved. The main difficulties arose from the slowness and uncertainty of communication and the failure of colonial merchants to remit payments for goods within a reasonable time, often because they used the funds for local speculations. Their attempts to pay for imports by private bills which were not covered by sufficient funds, either in the expectation of credit or to take advantage of the time that must elapse before any legal action could be taken to recover debt, was a constant source of friction. These difficulties owed much to the long lines of communication, but they were also related to the persistent adverse trade balance, and hence the shortage of local capital to take advantage of speculative opportunities and the failure at both ends of the transactions to appreciate fully the conditions under which associates operated.

There were a number of methods for paying for imported goods;¹ by specie, Treasury bills, colonial produce, drafts on commercial houses or by drafts on Anglo-Australian banks. Specie was used at times in the 1820s and 1830s to pay for

sugar, tea and other Eastern products, but it was difficult to acquire and involved the risk of physical loss. The specie generally consisted of dollars used as currency in the colony. Treasury bills were preferred by merchants trading with the colony, but were not always easy to obtain by local merchants and were often only available at a premium. They were used principally for purchases at Eastern ports. In general colonial merchants attempted, where possible, to pay for imports by exports in their dealings with British merchants. It was expected that the sale of colonial products would go a considerable way towards paying for manufactured goods, but due to the adverse trade balance, it was common for colonial merchants and settlers to be in debt to British merchants. The extent to which drafts on commercial houses were used depended on the build up of funds with agents. It was the most frequently used method of paying for goods from Britain until the early 1840s. It was open to much abuse and was a cause of disputation between British and colonial merchants, as the latter tended to draw bills not covered by ample funds or in expectation of credit.

The advent of the Anglo-Australian banks, the Bank of Australasia and the Union Bank which opened in Sydney in 1835 and 1839 respectively, brought greater flexibility to overseas trading. Payment by drafts on these banks became the preferred method of funds transfer. The only problem with bank drafts was that they also incurred a premium which could rise as high as seven percent. In order to reduce the
burden of colonial debt, British merchants came to demand an advance on the receipt of invoice for manufactured goods, a process which again was facilitated by the coming of the Anglo-Australian banks, through which the documentation could be passed.\(^2\) The payment for imports from countries other than Britain by specie or Treasury bills also gradually gave way to drafts through the Anglo-Australian banks or arrangements between local merchants and merchants in Eastern, or other foreign countries, by which drafts were drawn on the London agent or affiliate of the local merchant.\(^3\)

The surviving correspondence relating to trade between Britain and the colony gives a graphic picture of the vicissitudes of commercial transactions, and offers an insight into the inherent financial and human difficulties experienced by the protagonists.\(^4\)

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The Buchanan-Lamb correspondence represents a case in point. Walter Buchanan was a member of the well-established London firm of Buckles, Bagster and Buchanan, when he left the firm to form a partnership with his cousin, John Lamb in 1828. As already noted, Lamb had previously traded to the Australian colonies, and in the late 1820s was master and part owner of the Palmira in the Eastern trade. He was anxious to leave the sea after some unsuccessful personal trading ventures, and although not fully satisfied with the conditions of his partnership arrangements with Buchanan, agreed to establish himself as the Sydney end of the partnership. Lamb had a limited capital of approximately £3,000 to contribute to the partnership, but considered that the agreement was not "just and liberal". 5

Lamb arrived in Sydney in mid 1829 and by 1833 the partnership was experiencing great difficulties, with each partner blaming the other for the state of their affairs. Lamb admitted that he had made unwise speculations in whaling and New Zealand timber resulting in a loss, to the extent that his account current with Buchanan, according to the latter, was around £20,000. 6 The correspondence between the partners was extremely recriminatory - wildly and almost hysterically so on Buchanan's part as he described Lamb's conduct, particularly his failure to remit funds from the

5 J. Lamb to W. Boyd, 3 September 1826, Lamb Letter book 1826-1834, MSS 310; Lamb to Coutle and Company, 11 October, 1828, ibid; Lamb to J. Robinson, 28 October 1828, ibid; Lamb to W. Buchanan, 9 November 1828, ibid.

6 Lamb to Buchanan, 2 and 7 November 1833, ibid.
sale of consignments, as "shameful", "disgraceful", "scandalous", "infamous", "nefarious" and "iniquitous". Lamb was more restrained, feeling himself the victim of Buchanan's incompetent business methods and plagued by his "cruel, unjust and ungenerous language". 7

It is difficult to come to any conclusion on the claims and counter-claims of the partners, as most of Buchanan's side of the correspondence between 1829 and 1833 is missing. But a long affidavit made out by Buchanan, in which he listed all the alleged depredations of Lamb, indicates some culpability on the part of the latter. This was supported by an arbitration decision against Lamb for several thousand pounds. The total capital of the partnership was £5,000, of which Lamb contributed slightly under £3,000 and Buchanan the remainder. A requirement of the partnership was that Lamb was not permitted to "enter into any co-partnership or engage in any employment or business other than that of the co-partnership" except by agreement. Buchanan's specific complaint against Lamb was that on arrival in Sydney, he engaged in "speculations and adventures". He bought two ships and acquired interest in two others, with which he traded to the Cape of Good Hope, as well as undertaking coasting and whaling voyages. In 1831 he bought two additional ships and in the same year entered into a commercial relationship with J.B. Montefiore and Company for speculative trading in timber and flax, which involved

7 Lamb to Buchanan, 8 November 1833, ibid; Buchanan to Lamb, 11 March and 31 May 1833, ibid.
setting up an establishment in New Zealand. Also in 1831 he bought land in Darling Harbour and committed £3,800 for wharves and stores. To finance most of this expenditure, Lamb drew bills on Buchanan on behalf of the partnership. Although in the early stages Buchanan seems to have endorsed Lamb's speculative trading, as losses began to accumulate his confidence in Lamb waned.8

The root of Buchanan's problems was the large credit he was carrying for Lamb. He insistently and stridently demanded remittances to reduce the debt, but appeared to be caught up in a vicious circle in which Lamb's indiscretions and his own ill judged efforts to reduce losses intensified the difficulties. Lamb had entered the partnership on the understanding that goods to the value of £40,000 to £50,000 per year would be shipped by Buchanan, but apparently in only one year did the annual value equal half that amount.9 Not only this, but according to Lamb, much of the merchandise sent was not suitable for the market and had to be auctioned below cost or was altogether unsaleable. This lack of business from England encouraged Lamb to enter the even less fortunate whaling and timber speculations.10

8 Affidavit by W. Buchanan against J. Lamb, Supreme Court of New South Wales, Macarthur Papers, *D363.
9 Lamb to Buchanan, 7 November 1833, Lamb Letter Book, MSS 310.
10 Lamb to Buchanan, 31 October and 5 December 1833 ibid; Lamb to Robinson, 5 December 1833, ibid; R. Dacre to Brooks, 1 October 1831, Dacre Letter Book 1831-32, Uncat. MSS 309.
Lamb's mounting debt to Buchanan prompted the latter to insist on low advances at high interest to graziers for wool consignments, with the result that pastoralists like John Blaxland, Coghill and Bell consigned their clips to Buckles and Bagster, W. Walker and Company and Montefiore and Company who offered better terms. The Lamb-Buchanan partnership was dissolved in January 1834, when Buchanan maintained that Lamb owed him several thousand pounds, including a share of a £7,000 court award against the partnership. In 1839 Buchanan was still pleading with Lamb to pay a share of the court awarded costs. During the same period Buchanan was vainly endeavouring to obtain payment for a consignment of goods to George Salt Tucker, a Sydney merchant who became insolvent in 1838.

Similar anxieties were experienced by Stuart Donaldson Sr. in the middle and late 1830s. The London house of Donaldson, Wilkinson and Company had long been involved in colonial trade and had had close association with the colonial firm of Jones, Riley and Walker and subsequently with Jones and Walker when Alexander Riley retired to England. When Walker returned to London in the late 1820s Jones and Company continued as agents for Donaldson, Wilkinson. In the early 1830s Richard Jones asked Donaldson to send his son Stuart Jr. to Sydney to join his firm, as he

11 Lamb to Buchanan, 6 August 1833, Lamb Letter book, MSS 310; Buchanan to J. Coghill, 26 June 1833, Maddrell Papers, Uncat. MSS 511, Item 28.

12 D. Chambers to J. Bowman, nd (late 1837), Macarthur Papers, A4273; Buchanan to Bowman, 28 December 1839, Macarthur Papers, A4274.
wished to devote more of his time and energy to his pastoral interests. 13

Stuart Donaldson Jr. was twenty-two years old when he joined Richard Jones and Company in mid 1835. Jones continued as principal of the firm until 1837, when Donaldson became a junior partner, but took over the day to day management of the partnership while Jones devoted himself to his pastoral interests. Jones maintained an interest in Indian and China trade, where he had long established connections. 14 Although only twenty-five years old when he took over management responsibilities, Donaldson had been engaged in commerce since an early age in London and Mexico, and was confident of his ability to make the most of the opportunities open to him. He was an entrepreneur by instinct, but was restrained in many of his endeavours by the refusal of his father in London to provide the capital necessary to carry them out. Among his schemes was a proposal to purchase land adjacent to the new Circular Quay, and another for investing in the whaling industry. Donaldson Senior and John Lambert, the partner he took on in 1838, considered young Donaldson’s schemes “vague and indefinite”. Frustrated that he could not make his father appreciate the opportunities opening "at this immense

13 R. Jones to S. Donaldson Sr., 11 August 1829 and 4 June 1832, Donaldson Papers, A727-2.

14 Jones to Donaldson, 4 June 1832 and 14 February 1834, ibid; S. Donaldson Jr. to Donaldson Sr., 9 May 1839, Donaldson Papers, A728.
distance", he regretted that he could not return home briefly to "fully discuss fifty plans".\(^\text{15}\)

Donaldson soon made his mark in the colony and was justly proud of his progress in business and as a member of the upper echelons of colonial society. In the first six months of his management he claimed that £83,000 had passed through his hands. He participated in an investment in land at Port Phillip for £14,000 which sold for £34,000 in 1840. He also acquired two town allotments in Melbourne.\(^\text{16}\) He was appointed a Justice of the Peace, a trustee of the Bank of New South Wales and was Treasurer and foundation member of the Australian Club. He could well describe himself as "a young and thrusting man of the world".\(^\text{17}\) In 1839 he took James Graham, another young merchant, as his Melbourne partner, built a cottage and store on one of his allotments, and advanced Graham £3,000 to purchase or make advances on wool. In early 1841 he acquired William Dawes, an erstwhile associate of Gore and Company, as a junior partner to conduct the business while he returned to England. He left the colony in mid 1841 and returned in 1844.

\(^{15}\) Donaldson Jr. to Messrs. Gequell (?) and Company, 12 July 1838, ibid; Donaldson Jr. to Donaldson Sr., 28 November 1838, ibid; Donaldson Jr. to Donaldson and Lambert, 5 September 1839, ibid; Donaldson Sr. to Donaldson Jr., 25 July 1836, Donaldson Papers, A727-2; Donaldson and Lambert to Donaldson Jr. 13 May 1839, ibid.

\(^{16}\) Donaldson Jr. to Lambert, 20 July 1838 and nd (late 1839), Donaldson Papers, A728; Donaldson Jr. to C. Riddell, 19 February 1840, ibid.

\(^{17}\) Donaldson Jr. to Captain Vetch, 2 May 1840, ibid; Donaldson Jr. to Riddell, 29 August 1840, ibid.
During his first sojourn in the colony between 1835 and 1841, Donaldson and his father and his father’s partner, John Lambert, were at odds over the debt to the London firm, carried firstly by Jones and later by Donaldson. This debt was around £8,000 in 1835 and had risen to in excess of £42,000 in 1841. During this time Donaldson Senior had other substantial business difficulties. He suffered a severe loss over an admittedly ill advised New Zealand timber speculation. At the same time he dissolved his partnership with Wilkinson because of alleged irregular commercial behaviour. He took on another partner who died within nine months. The recession of 1837, when there was severe market contraction and reduced credit, causing the failure of many firms engaged in overseas trade, brought him great anxiety because of the fall in commodity prices and the large debt of his colonial agents. Typical of his letters to his son in 1837 is the following:

No House in the world would have consented, however ample their means, to come under the advances which I have been subject to ever since I was connected with the colony, which limited as I have been, has kept me in such a state of anxiety, with little intermission as occasionally to make life a burden to me.

18 Donaldson Sr. to Donaldson Jr., 27 January 1835, Donaldson Papers, A727-2; Donaldson Jr. to Donaldson and Lambert, 7 June 1841, Donaldson Papers, A728.

19 Donaldson Sr. to Jones and Company, 20 October 1836, Donaldson Papers, A727-2; Donaldson Sr. to Donaldson Jr., 16 March 1837, ibid; Donaldson Sr. to Donaldson Jr., 12 May 1837, ibid.

20 Donaldson Sr. to Donaldson Jr., 16 March 1837, ibid.
Donaldson Sr.'s state of mind improved in 1838 as Lambert, an experienced London merchant, took over much of the firm's operations. But still the credit held by the Jones-Donaldson partnership increased as they withheld remittances to meet the ever mounting demands for advances on wool. In 1839 Donaldson Sr. complained that "more than the whole amount of our capital will be beyond our control either with you or our other constituents or on its way thither." At this time the credit held by Jones and Donaldson was around £14,000, by Thomas Icely £2,800, by Henry Moore £1,400, while Hannibal Macarthur and Prosper De Mestre also owed substantial amounts. 21

Young Donaldson's request for an additional £15,000 credit in 1839 was greeted more in sorrow than in anger by his father, in pointing out that his debt had now grown to £20,000. He continued with the following circumlocutory admonition:

I am confident if you were fully aware of all the circumstances of the situation you would allow for the prudential consideration by which we felt ourselves to be influenced in transacting with such a distant country. 22

Such considerations were not part of young Donaldson's philosophy, as he continued to urge his father to send more

21 Donaldson Sr. to Donaldson Jr., 9 December 1838 and 29 January 1839, ibid.

22 Donaldson Sr. to Donaldson Jr., 8 June 1839, ibid.
consignments, and accused him, albeit obliquely, of timidity and lack of enterprise. 23

Once financial difficulties of the type discussed above developed, they tended to become cumulative. In the case of both Buchanan and Donaldson, as debts of their agents mounted they were less and less inclined to dispatch cargoes and incur greater outlays. This in turn restricted the agents in purchasing or making advances on colonial produce for export. To young Donaldson's complaint of lack of shipments from England, his father pointed out the difficulty in obtaining credit in England in view of his large debts. Nor could he be any more helpful when his son also complained of the competition for export cargoes in the colony and proposed speculative schemes which would have further taxed his finances.

Such problems highlighted the difference in credit policies and interest rates between Britain and the colony. As Donaldson Sr. observed, there were strict requirements relating to security on money borrowed in England and interest rates were generally not higher than five percent. In New South Wales the banks did not lend on real property and such loans were not available until the first English based mortgage companies opened in the late 1830s. Credit was generally obtained by the issue of promissory notes on which interest rates of ten to fifteen percent or even

23 Donaldson Jr. to Donaldson Sr., 18 May 1838, 15 January and 14 April 1939, Donaldson Papers, A728.
higher were charged.\textsuperscript{24} It was this high interest rate which attracted British capital and the leading merchants and colonists generally were not anxious to see it reduced. As most of the prominent merchants were directors of one or more of the local banks, they had ready access to credit.\textsuperscript{25}

As the decade progressed and prosperity increased, credit became easier and easier to obtain.\textsuperscript{26} The results of lack of circumspection in giving credit was demonstrated in the case of J.T. Wilson, a commercial confidence man who rose to prominence in Sydney as an auctioneer and ship owner by obtaining extensive credit from other merchants until he absconded in October 1839 with debts assessed at around £50,000 to some forty individuals. The subsequent court case demonstrated with what ease he had imposed on fellow merchants without query.\textsuperscript{27}

Given the natural and financial hazards associated with overseas trade, it is probable that neither Buchanan nor Donaldson Sr. had the toughness or resilience for the business in which they were engaged. Buchanan suffered from what appeared to be stomach ulcers and one of Donaldson's

\textsuperscript{24} Votes and Proceedings, 1843, Evidence of A.B. Spark and J.B. Montefiore in Minutes of Evidence before the Legislative Council Sub-Committee on the Interest Bill.

\textsuperscript{25} ibid.


\textsuperscript{27} ADB, Vol. 2; Herald, 23 and 28 October 1839.
three sons thought his father had lost "a great deal of his energy, self confidence and courage". But in view of his load of debt and the uncertainty of his ventures this is not surprising.

Colonists sending their wool directly to London merchants could also capitalise on the long lines of communication between Sydney and the homeland. This is illustrated in the financial arrangements over a number of years between Bowman and Buchanan. James Bowman, Principal Surgeon in the colony and a considerable pastoralist, was brother-in-law to John Macarthur. He was a personal friend of Buchanan and had the latter’s power of attorney. Between 1828 and the mid 1830s they were useful to each other. Buchanan was Bowman’s agent, sold his wool and pleaded his case for a pension at the Colonial Office. He also allowed Bowman credit, which at one stage exceeded £7,000. In return Bowman gave Buchanan advice on colonial conditions and apparently did what he could to secure the repayment of Lamb’s debt. In 1837, frustrated and disheartened by the disappointments of colonial trading, Buchanan decided to retire from business, at which time Bowman owed him in excess of £4,000. To liquidate part of the debt Buchanan agreed that £2,000 should be regarded as a loan to Bowman at ten percent interest to be paid half yearly and Bowman was to supply documentation on security for the loan. When Bowman died in 1846, Buchanan was still complaining of not

having received any interest payment since 1841 and of never having received the security documentation. 29

The consequences of commercial transactions across the globe were less hazardous for the larger English firms with agents or branches in the colony. For instance, when George Bunn, the agent for Buckles, Bagster and Buckles died in 1834 with debts of around £12,000, H.M. Bagster was sent to Sydney to take over the agency and eventually established a colonial branch of the firm. 30 Also it was feasible for such firms to send a representative to the colony to review the performance of an affiliate. Charles Gore made such a visit on behalf of John Gore and Company in the late 1830s. 31 Smaller merchants like Buchanan and Donaldson were not in a position to take this type of action. Although British merchants sometimes refused to accept private bills from colonial debtors, it was expensive and time consuming to undertake legal proceedings and this was rarely attempted. A particular difficulty was the propensity of colonial debtors to abscond, as in the case of J.T. Wilson. The 'bolting' of debtors from the colony was a perennial problem and to make it more difficult the Herald suggested that official clearances should be mandatory for those

29 Macarthur Papers, A4267-A4273.
30 Buchanan to Bowman, 27 June and 24 December 1834, Macarthur Papers, A4270.
31 Votes and Proceedings, 1838, Evidence of Charles Gore before the Legislative Council Sub-Committee on the Insolvent Debtor's Bill.
leaving the colony. But determined absconders could always find ways of avoiding official restrictions.

Not all firms engaged in colonial trade were fraught with problems such as bedevilled Buchanan and Donaldson. One such company was formed by Robert Brown, manager of the Leith based Australian Company, involving his sons John and Thomas who were resident in Sydney. Correspondence between Robert Brown and the Sydney branch in the 1830s shows a fairly trouble-free progress of the firm, apart from an occasional complaint from Brown Sr. at receiving unacceptable private bills and a reluctance to send additional cargoes while funds were tied up in unsold stocks in Sydney. The comparatively smooth running of Brown and Company's business was to some extent due to its being almost exclusively restricted to wine and spirits for which there was always a predictable demand in the colony.

Robert Brown's aversion to private bills and his habit of transferring funds by orders on the Commercial Bank of Scotland, underlines one of the great impediments to smooth commercial operations, namely the payment of debts by private bills. As mentioned previously, many cases before the New South Wales Supreme Court concerned private bills which were not honoured. Although the use of bank drafts or

32 Herald, 12 February 1835 and 29 January 1838.
cheques was increasing, it was tempting for colonial merchants in financial difficulties to draw bills on London affiliates in the expectation of credit or in the hope that export cargoes would cover any deficiency. 34 If a bill was refused by the company on which it was drawn, it would be returned to the colony and one or two years grace would be obtained before any effective legal action could be taken. This problem was the bane of timid and anxious individuals like Buchanan and Donaldson, who had little option but to keep accepting bills drawn by their agents in the hope that common decency and fair play would ensure that they received consignments to eliminate the debt. 35

Apart from individual causes of friction between merchants on the opposite sides of the globe, there was the overriding factor of the nature and scope of trading in the colony compared with that in England. Young Donaldson's early career in the colony epitomised this difference. Within five years of his arrival and at the age of twenty-seven he was virtually in control of a thriving firm, with access to credit of £40,000, was a Justice of the Peace and a member of the upper echelon of colonial society. Had he stayed in England and entered his father's business, he may have been a very junior partner in the same time with no real status in the commercial world. As he wrote to

34 Buchanan to Bowman, 9 December 1834, Macarthur Papers, A4270; Donaldson Sr. to Donaldson Jr., 7 July 1837, Donaldson Papers, A727-2; Returns of the Colony, 1834, p. 177.

35 Buchanan to Bowman, 13 December 1834, Macarthur Papers, A4270.
Lambert, an experienced clerk could do most of the day to day business of a merchant in London.

Not so with us - a Sydney merchant...must be a very acute financier - a complete man of figures - a constant observer of goods - proficient in foreign exchanges - a close calculator of discount and interest; moreover he must be a good salesman; as we have no brokers whom we can trust, and no clerks who take a lead in our affairs. When I add to this that we do business and that to an extent of thousands with men whose characters are bad, and who are only honest for expediency - that we are tormented and disgusted by examples of bad faith and trickery in our every day life - that every minute transaction from the storekeeper's book to your ledger must come under your own undivided supervision and that our correspondence inland and foreign is always large.\(^{36}\)

The colonial environment was such that men with commercial flair and determination could quickly gain financial independence. Donaldson gave examples of John Jones and Abraham Polack, whom he despised for their lower class origins, but who in a few years had risen from obscurity to wealth. Although merchants in London and Sydney were aware of differences in the commercial climate and methods of operation in their respective areas, they were generally too concerned with their own problems to trouble themselves too much with those of distant associates. This was appreciated by Lambert, who wrote to Donaldson that he was aware that a year's residence in the colony "would be of more value than a dozen years correspondence".\(^{37}\) In dealing with London, young

\(^{36}\) Donaldson Jr. to Lambert, 20 July 1838, Donaldson Papers, A728.

\(^{37}\) Lambert to Donaldson Jr., 30 October 1839, Donaldson Papers, A727-2.
Donaldson's brother George, who was a bookkeeper for Donaldson and Lambert and privy to the Sydney correspondence accounts, advised Donaldson to be less strident in his complaints, as it was not financially possible for the firm to supply capital and shipments to the colony on the scale demanded. 38

Some pertinent comments were made by Charles Gore of Gore and Company of London, on the differences in commercial procedure between Britain and the colony when giving evidence before the Select Committee on the Insolvent Debtors' Bill appointed by the Legislative Council in 1838. He was visiting Sydney for the second time after seven years, to determine whether the firm's capital in the colony could be better employed. Apart from reiterating complaints of the withholding of remittances for unauthorised uses, and of excessively liberal advances to settlers by local merchants, he remarked:

The habits of business in England, are quite different from what they are here, arising from the more accurate mode of conducting affairs of the counting-house; for instance, in England a man's credit may be shaken if he dishonours a bill whereas here, no such consequences would follow, from the circumstance that most of the transactions are carried on here by paper. If the same strictness in the mode of doing business were applied here, the colony would be ruined. 39

38 G. Donaldson to Donaldson Jr., 31 January 1840, ibid.
39 Votes and Proceedings, 1838, C. Gore, Evidence before the Legislative Council Sub-Committee on the Insolvent Debtors Bill.
He continued:

In this country, merchants in giving credit, look more to the personal character and ability of a trader, shopkeeper, or settler, than to his money capital. In this country, character combined with ability, is as much a man's capital as money would be at home. Here merchants often set a man up in business on the faith of the man's integrity and industry.

The approach to business outlined by Donaldson was not often followed by merchants and others engaged in business in the colony in the boom years of the late 1830s. The implication of Gore's remarks, that business methods, particularly as far as credit was concerned, were fairly free and easy, was borne out by the mass insolvencies among the commercial community in the following depression.

The differences in business methods and conditions between Britain and the Australian colonies, and the spectacular growth in mutual trade, stimulated efforts by British merchants to initiate some form of co-operative organisation by which trade could be made more secure and profitable. This involved setting up a lobby group hopefully to influence the government to adopt policies fostering trade and investment and to maintain contact with appropriate individuals or organisations in the colonies to gain reliable information on local conditions. The first move in this direction was made by Donaldson in 1829 in proposing an organisation in London composed of individuals

40 ibid.
"connected with the agricultural, shipping and commercial interests of New South Wales or Van Diemen's Land". Draft resolutions were circulated on the proposed membership and operation of the association, but the scheme lapsed.\footnote{Gazette, 19 May 1929.}

Donaldson's interest in colonial affairs took a practical turn when he was asked to act as agent for the 1830 petition from New South Wales to the House of Commons for an elective government.\footnote{Monitor, 20 February and 22 May 1830.} The local committee was well satisfied with his efforts on behalf of the petition and it is likely that he saw an opportunity to capitalise on his status vis-a-vis the colony by advocating that he continue to act as an agent for its commercial interests. This proposal was mooted in 1833 in letters from Alexander Riley, who was still associated with Donaldson, Wilkinson and Company, to Thomas Street and Sir John Jamison.\footnote{A. Riley to T. Street, 12 March and 16 April 1833, Riley Papers, A108; Riley to Sir John Jamison, 2 May 1833, ibid.} This suggestion was combined with a plea for more colonial products to be consigned to Donaldson's company and seemed a fairly obvious ploy to gain commercial advantage for the firm. Nothing eventuated from this move.

The idea of an association of London merchants persisted. In May 1836 the New South Wales and Van Diemen's Land Commercial Association was formed comprising principals of firms in the Australian trade - Aspinall, Brooks,
Donaldson, Gore, Montefiore, Walker, Willis, Dunbar and Buckles. 44 The Association aimed to promote the interests of its members in dealings with the colonies and the imperial government. It was evidently successful in having the frequency of London wool sales altered to suit the convenience of the local merchants. 45 For the next thirty years the Association exercised a powerful influence on wool marketing arrangements in London, particularly in respect to brokerage and warehousing. In the colony a meeting of "about a dozen of our principal merchants" was reported in the Herald, at which a letter from Buckles and Bagster was read and the Australian Commercial Association was formed to liaise with the London Association. A further meeting was projected, but seems never to have eventuated. 46

A more direct method of stimulating trade with the colonies was attempted in 1837 with the proposed formation of the British and Australian Packet Company with a nominal capital of £200,000 in £100 shares. This project was apparently opposed by some London merchants as an attempt at monopoly on the part of a small clique and collapsed. 47 In the same year a further effort to increase investment in colonial trade was attempted through the British and Australian Navigation Company. The somewhat enigmatic

44 Herald, 5 December 1836.
45 A. Atkinson and M. Aveling (eds.), Australians 1838, pp. 182-183.
46 Herald, 16 January 1837.
47 ibid., 6 November 1837.
prospectus of this company claimed that by instituting a line of first class sailing packets the

"ruinous consequences now accruing to merchants, colonists and emigrants, from the detention of goods, will be averted and serious delay, inconvenience and expense, to which passengers are now liable will be avoided".

The capital of the company was to be £200,000 in £50 shares and the board comprised mainly admirals and master mariners. It seems that the company was intended to provide for the more speedy and comfortable transport of passengers, who were often not well catered for on the average merchant ship. There is no indication that this company ever commenced operations.

Early in 1838 London merchants in the Australian trade sponsored the Australian Steam Navigation Association, with a capital of £100,000 in £40 shares. Its object was the placement of steamships "in such places as may be found advantageous on the coasts and rivers of the Australian colonies". London merchant houses would have a major shareholding, with J.W. Buckle, R. Brooks, John Gore, J.B. Montefiore and William Walker on the nine member board. It was intended that half the shares should be allocated to the colonies. This company also seems to have been stillborn.

The efforts of London merchants to form associations to promote trade and to invest in enterprises related to the colonies in the 1830s is indicative of their perception of

48 Herald, 5 March 1838.
49 ibid., 28 June 1838.
the expanding opportunities in British-Australian and inter-colonial trade. It is not certain why most of these projects failed to realise the hopes of their promoters, but it must be assumed that they were proposed, like some of the later steamship ventures, without a clear understanding of the difficulties imposed by distance and time in bringing them to fruition. They were mostly initiated at a time of economic recession in Britain after 1836 and did not receive much support from colonial merchants, who were financially committed to more immediately profitable local company formation and in property speculation.

The penalty imposed by distance on mercantile transactions between Britain and the Australian colonies fell more heavily on the British than the colonial merchants. The former were the suppliers of manufactured goods and capital, but could exercise little control over the use to which the capital was put. The commercial conditions and opportunities in the colonies could not be fully appreciated in Britain and important financial decisions had to be left to the discretion of agents, supercargoes or ships' captains. Apart from the imperative requirement to consign wool and other staple products in return for manufactured goods, the local merchants used their own judgement on ventures such as whaling, Eastern trading or land and stock speculations. Because of the high level of debt incurred by colonial merchants with their British counterparts, the latter were ever anxious to find more safe and expeditious ways of communication and funds
transfer. Hence their efforts towards mutual co-operation and faster navigation. Merchants like Brooks, Gore, Montefiore and Mangles were also active in promoting the formation of the Australasia and Union banks in order to provide a further means of funds transfer as well as greater control over invested capital.

As the volume and value of wool exports increased in the 1830s and 1840s, the difficulties arising from conducting business separated by 13,000 miles and four or five months in time were accentuated. Hence the interest of British merchants in particular, in agitating for steam navigation between London and the colonies in the late 1840s. 50

50 See Chapter 11.
Between 1831 and 1841 the colonial population more than doubled from approximately 45,000 to 118,000. The value of imports increased more than fourfold, while that of exports increased threefold to 1840 (see Table 18, page 153). This trade expansion was influenced to some extent by economic conditions in the mother country, in as much as they affected the price of colonial products. There were two main cycles in the British economy. The recovery from the depressed conditions of the early 1830s was initially due to a revival in exports and internal investment and by 1835 "a spirit of irrational optimism" had developed, in which investment in railway projects, bank formation and the over extension of exports to the United States had produced a boom. The main sufferers in the subsequent collapse were those involved in trade with America. The years following 1836 were marked by general depression until 1842. During these years trade was sluggish because of slack economic conditions in the United States and the Opium War with China, which disrupted trade between 1839 and 1841.¹

Economic and commercial progress in the colony followed that in Britain from 1832 to 1836, with a steady improvement in wool prices and the formation of the first in what was to

become a flood of joint stock companies.² In 1837 the price of wool declined because of the slump in Britain and rose only slowly thereafter. The price of whale oil, which depended on the success or otherwise of the northern fishery, remained relatively high in the late 1830s. The effect of the diminished returns for the main colonial staple was partly compensated by the increased quantity exported and by the euphoria of the land boom and the explosion in commercial speculation in the last years of the decade.

The 1830s brought a marked change in British policy on the two principal matters affecting colonial development—land alienation and immigration. By the late 1820s various difficulties had become apparent in the existing system of free land grants. Much land, instead of being productive, was used for speculative purposes. Quit rents were difficult to collect and payment had not been enforced, so that revenue was lost to the Crown. There was also a considerable lag in surveying land. Additionally, the Governor was open to accusations of partiality, with consequent appeals to the Colonial Office. The result was excessive dispersion of settlement.³

New regulations for the disposal of land were received in the colony in July 1831. They were based on experience with the existing land policy and recommendations of a

² For company formation see Chapter 9.
³ Fletcher, Darling, pp. 156-157.
commission of enquiry submitted to the House of Commons in December 1830. Although the content of the regulations bore some resemblance to the theories of Edward Gibbon Wakefield, they had been formulated before Wakefield's ideas came to public attention. In his dispatch, the Secretary of State, Viscount Goderich, notified Darling that in future land was to be acquired only by sale at public auction, in blocks of one square mile at a minimum price of five shillings per acre. Recommendations of the commission covering the immigration of labourers and mechanics by the advance of passage money to be repaid from their colonial wages, was implemented later in the year. The revenue from land sales was to be used for emigration as it became available. The result of these policies was that the free, mainly working class population increased dramatically during the decade. Between 1832 and 1840 the annual revenue raised from land sales increased from under £10,000 to £313,000 and a total of 27,000 assisted immigrants were brought to the colony. Yet there were constant complaints from graziers of a shortage of labour, as free immigrants were reluctant to venture into the interior from the coastal towns and settlements.


5 Goderich to Bourke, 12 October 1831, HRA, Vol. 16, pp. 408-416.

6 Returns of the Colony; Madgwick, Immigration into Eastern Australia, p.223.
Although free land was no longer available, the influx of settlers with capital to engage in pastoralism was maintained and the frontiers of settlement continued to expand. The tendency for pastoralists to graze their stock on unalienated Crown land beyond the "limits of location" had increased since the late 1820s and was given legal status by the Crown Lands Occupation Act of 1836, whereby such land was leased to pastoralists at a flat fee of £10 per year.

By 1840 the squatters had established themselves as far north as the present New South Wales-Queensland border, to around five hundred kilometres west of Sydney and southward almost to the Murrumbidgee River. The economic boom of the late years of the decade was fuelled by this expansion and the opening up of the Port Phillip District and South Australia to settlement. The Sydney merchants joined the general speculation in land and stock as well as commercial ventures. The value of imports almost doubled between 1838 and 1840 and over twenty joint stock companies concerned with banking, insurance and shipping were formed or projected between 1836 and 1840. The consequent demand for credit stretched the resources of the local banks as well as those of the British-owned and capitalised Bank of Australasia and the Union Bank. The expansion of credit

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8 See Chapter 9.
for agrarian and commercial activity could not be long sustained and the boom collapsed in 1841.

The expansion in trade between 1832 and 1840, when the annual value of imports from Britain grew from around £400,000 to almost £2,000,000 and exports to Britain rose from £250,000 to £700,000, was accompanied by about fifty percent increase in the number of Sydney import-export merchants from just over forty to just over sixty. As in the previous decade the wool trade was the principal attraction and most of the newcomers had associations with British firms interested in this trade. Among those whose main interest was wool were C.W. Roemer, Stuart Donaldson Jr., Arthur Willis Jr., and Frederick Ebsworth. Charles William Roemer was a native of Leipzig, but had spent many years in London as an importer of German wool. He reached Sydney in 1832, where he concentrated on the purchase and export of wool to Frederick Huth and Company of London. He left for an unknown destination in 1844. In 1835, Stuart Donaldson Jr., son of the principal of Donaldson, Wilkinson and Company, joined Richard Jones at the latter's request. Young Donaldson carried on the business when Jones retired to manage his pastoral properties in the late 1830s. Donaldson had previously been in business in Mexico and was to figure prominently in colonial politics in the 1840s and 1850s.

9 ADB, Vol. 2.
10 ADB, Vol. 3; See also Chapters 6 and 11.
Arthur Willis Jr. was established in Sydney in 1836 in partnership in Arthur Willis Sr. of Willis, Sons and Company of London, wool importers, and James Johnston MacIntyre. When MacIntyre retired in 1838, Willis Jr. was joined by Gordon Sandeman and the firm became Willis, Sandeman and Company. \(^{11}\) Frederick Ebsworth was the son of a London wool merchant and came to the colony as a clerk for the Australian Agricultural Company in 1832. He later returned to England, but came back to Sydney in 1839 and set up as a wool broker, becoming one of the largest exporters of wool in the 1840s. \(^{12}\) Two newcomers joined J.B. Montefiore in the 1830s. Thomas Chaplin Breillat came to the colony in 1834 and invested capital with Montefiore and Company, which then became Montefiore, Breillat and Company. Breillat did not participate in pastoral investment and managed to avoid the financial embarrassment which overtook J.B. Montefiore and his London associates in 1841. \(^{13}\) Jacob Levi Montefiore was eighteen when he joined his uncle in Sydney in 1837. Following the collapse of Montefiore, Breillat and Company in the early 1840s, young Montefiore formed a partnership with a wealthy Scot, Robert Graham in 1845. The firm of Montefiore, Graham and Company became a leading exporter of wool and acquired large pastoral holdings. \(^{14}\)

\(^{11}\) *Australian*, 12 January 1836, 13 August 1837 and 14 August 1838; Buchanan to Bowman 23 July 1835, Macarthur Papers, A4271.

\(^{12}\) *ADB*, Vol. 4.

\(^{13}\) *ibid.*, Vol. 3.

\(^{14}\) *ibid.*, Vol. 5.
The growing population of the colony with its mounting demands for tea, sugar, coffee and spices was an inducement to Eastern traders to establish themselves in Sydney. Matthew Dysart Edwards and Edward Dyer Hunter arrived from Canton in the early 1830s and commenced business as Edwards and Hunter. They became prominent in trade with India and South East Asia.\(^{15}\) George Porter came from India in 1835, where he had spent many years at Prince of Wales Island and Calcutta. He also became active in Eastern trade.\(^{16}\)

The increase in trade between the United States and New South Wales in the 1830s attracted the New York merchant James Kenworthy to Sydney in 1835. The colony imported flour, tobacco and whaling gear from the United States and exported wool from 1833, which was valued in excess of £13,000 in 1835 and 1840. This mutual trade made appropriate the appointment of the first United States Consul, J.H. Williams, a business associate of Kenworthy, who took office in Sydney in 1839. Until his death in 1844, Kenworthy dominated trade with the east coast of America.\(^{17}\)

Additional important arrivals were Severin Kanute Salting and Archibald Campbell. Salting, of Danish descent,

\(^{15}\) Australian, 4 January and 21 October 1833; J. Rickards to R. Dacre, 14 January 1833, Towns Papers, Vol. I. MSS 1279/8; Votes and Proceedings, 1838, Evidence Before the Legislative Council Committee on the Insolvent Debtors' Bill.

\(^{16}\) ibid.

\(^{17}\) ibid; Returns of the Colony; L.E. Fredman, 'The First American Consul', Push from the Bush, No. 7, September 1980, p. 81ff.
had gained commercial experience in London and India before settling in Sydney in 1834, where he commenced business in partnership with J.C. Garrard. In 1842 he separated from Garrard and joined with P.W. Flower as a leading wool exporter and pastoralist. Alexander Campbell arrived in 1838 and became a clerk with Grose and Street. He commenced business on his own in 1840 and later joined with James Nelson Smith, who had come from India, to form Smith and Campbell, foremost overseas traders in the mid 1840s. The colonial-born Daniel Egan, who had been foreman of the government dockyard between 1824 and 1835, went into business on his own in the late 1830s and became a prominent inter-colonial trader and shipowner. He was an early member of the Municipal Council and later became mayor of Sydney.

A number of master mariners also joined the Sydney merchant community in the 1830s, the most notable of whom were Alexander Fotheringham, Robert Duke and William Salmon Deloitte. Fotheringham brought a patent slip to Sydney in 1832, which was set up in Darling Harbour. He was later one of the principal whalers of the 1840s. Duke was master of the ship Sisters trading to the colony during the 1820s for J.H. Duke of London. He settled in Sydney in the early

18 ADB, Vol. 2; Breeze, 'Foundation of Fortune', p. 56ff.
20 ADB, Vol. 4.
21 See Chapter 12.
1830s, his main interest being whaling. Deloitte had commanded ships to the colony from the late 1820s to 1838, when he decided to remain as a merchant and shipowner.

The growth in population and commerce in the 1830s brought noticeable changes to the port of Sydney. By the early 1840s twenty wharves and associated warehouses of the import-export merchants extended from Sydney Cove around Dawe's Point and Miller's Point and into Darling Harbour. In 1837 work was commenced on the construction of Circular Quay and was continued during the 1840s. The expanded berthing and warehouse capacity was necessary to accommodate the increase in merchant shipping outward bound from the port of Sydney, which grew from 147 ships (28,822 tons) in 1830 to 435 (138,665 tons) in 1841.

The main thoroughfare between the wharves, warehouses and ship-building yards along Darling Harbour was Sussex Street. Between this street and Darling Harbour:

besides the patent slip and several other ship and boat building yards, there are upwards of a dozen wharfs, most of them always occupied by shipping either landing or taking in their cargoes, which are

22 Australian, 10 February 1827; Cumpston, Shipping, Sydney 1788-1825, p. 142.
23 Votes and Proceedings, 1838, Evidence Before the Legislative Council Committee on Immigration.
24 ibid., Vol. 2, 1847, Evidence Before the Select Committee on the Circular Quay.
25 Returns of the Colony. For further details on port facilities, see J. Bach, A Maritime History of Australia, Melbourne, 1976, p. 28ff.
generally of the most valuable description.

At the northern end of George Street was "a pretty extensive range of commercial and maritime store rooms, which are in the hands of different merchants and warehousemen".27 Whereas in the 1820s merchants had generally resided adjacent to or above their business premises, by the late 1830s the leading merchants had become wealthy enough to build large mansions in locations outside the town, such as Newtown, Tempe, Darlinghurst and adjacent areas on the eastern shore of the harbour.28

The 1830s were thus years of greatly increased business activity for individual import-export merchants. In excess of three and fourfold growth in the value of exports and imports respectively was accompanied by only a fifty percent increase in the number of merchants. As well as the trade expansion, the speculative boom and an explosion in company formations stretched the merchants' resources and rendered them vulnerable to financial collapse in the depression of the early 1840s. Their involvement in the wool trade caused them particular difficulties and frustration.29

The growth in the annual value of trade between Sydney and Britain in the 1830s is shown in Table 18.

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27 ibid., p. 67.
28 See Chapter 14.
29 See Chapter 8.
TABLE 18
SYDNEY IMPORTS AND EXPORTS 1832-1841

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from Britain (£)</th>
<th>Total Imports (£)</th>
<th>Exports to Britain (£)</th>
<th>Total Exports (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1832</td>
<td>409,344</td>
<td>604,620</td>
<td>252,106</td>
<td>384,344</td>
</tr>
<tr>
<td>1834</td>
<td>669,663</td>
<td>991,990</td>
<td>400,738</td>
<td>587,640</td>
</tr>
<tr>
<td>1836</td>
<td>794,422</td>
<td>1,237,406</td>
<td>513,976</td>
<td>748,624</td>
</tr>
<tr>
<td>1838</td>
<td>1,102,127</td>
<td>1,506,803</td>
<td>583,154</td>
<td>744,770</td>
</tr>
<tr>
<td>1840</td>
<td>2,200,305</td>
<td>2,649,791</td>
<td>732,347</td>
<td>1,270,832</td>
</tr>
<tr>
<td>1841</td>
<td>1,898,420</td>
<td>2,581,160</td>
<td>650,608</td>
<td>950,108</td>
</tr>
</tbody>
</table>

Trade with foreign countries like China, the East Indies, South America and Manila also increased (Table 19).

TABLE 19
TRADE WITH FOREIGN COUNTRIES THROUGH THE PORT OF SYDNEY
1835-1841
(Excluding South Seas and the United States)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports (£)</th>
<th>Exports (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1835</td>
<td>62,289</td>
<td>2,625</td>
</tr>
<tr>
<td>1837</td>
<td>82,112</td>
<td>6,525</td>
</tr>
<tr>
<td>1838</td>
<td>250,383</td>
<td>7,175</td>
</tr>
<tr>
<td>1841</td>
<td>240,971</td>
<td>40,376</td>
</tr>
</tbody>
</table>

The value of sugar imports increased about five times during the decade, with the amount from Mauritius reaching a maximum of £70,000 in 1838 and decreasing to £11,000 in 1840. The fall in imports from Mauritius was due to a switch of the sugar trade to Manila and Java which were

30 Returns of the Colony.
31 ibid. For trade with the South Seas and the United States, see page 157.
closer to Sydney and also to other trading ports in India, China and the East Indies, where cargoes additional to sugar could be obtained.\textsuperscript{32} The annual value of exports to these countries was still relatively low. In 1838 for instance, the colony imported products worth approximately £75,000 from Mauritius and exported less than £2,500 worth in return.\textsuperscript{33} As precise information on the nature and value of imports from specific countries other than Britain, the United States and New Zealand is not readily available, some indication of the relative importance of various sources of imports is given in the following table of merchant ship arrivals in Sydney (Table 20). The upswing in arrivals from Manila and the East Indies reflects the increase in sugar imports, much of which was re-exported to other Australian colonies and New Zealand. Ships from South America brought mostly wheat and flour.\textsuperscript{34} The import of goods from foreign countries was facilitated during the 1830s by increased flexibility in funds exchange.


\textsuperscript{33} Tables of Revenue, Population, Commerce etc. - The United Kingdom and Its Dependencies, Pt. 10, 1840, pp. 433-437; E. Duyker, The Star and the Key-Mauritians and Australia, Sydney, 1988, pp.25-26.

\textsuperscript{34} Returns of the Colony.
TABLE 20

<table>
<thead>
<tr>
<th>Year</th>
<th>Ioff</th>
<th>East Indies</th>
<th>India</th>
<th>CofGH</th>
<th>S.Am</th>
<th>N.Am</th>
<th>China</th>
<th>Manila</th>
<th>Singapore</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>1832</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1836</td>
<td>12</td>
<td>4</td>
<td>5</td>
<td>7</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1840</td>
<td>4</td>
<td>16</td>
<td>10</td>
<td>4</td>
<td>17</td>
<td>7</td>
<td>4</td>
<td>10</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Up to the mid 1830s some twenty Sydney merchants were importing sugar from Mauritius, with Walker and Company, from whom Richard Jones had separated in 1829, securing most shipments. The transfer of the sugar trade to Manila and the East Indies gave Sydney traders the opportunity to import large shipments in the late 1830s and early 1840s and re-export it to the southern colonies. The same twenty or so merchants were involved in the Eastern trade generally, including India, China and Batavia. Of these, Walker and Company, Robert Campbell Jr. and Company, John Lord, Hughes and Hosking, Richard Jones, Gore and Company and in the later years of the decade, newcomers like Edwards and Hunter and Donaldson were the most prominent.36 In one speculative charter voyage to China and Manila in 1839, Jones, Donaldson and the ship's captain shared a profit of £5,000.37 The voyages to South America and the United States were generally one-off speculations by different merchants, only

36 Herald, Weekly Trade Lists.
Kenworthy and Lamb and Parbury making repeat ventures to the United States and South America respectively.  

Of particular importance to the colony were the wheat imports. These jumped in value from around £9,000 in 1834 to £94,000 in 1836, fell to £26,000 in 1838 and rose again to £73,000 in 1840. Over eighty percent of these imports came from Van Diemen's Land and most of the remainder from England and South America, with small amounts from India. The dramatic increase in the intake of wheat in the late 1830s brought an element of instability to the local wheat market. There were a number of technical, economic and physical reasons for the lack of wheat production sufficient to meet local requirements, prominent among which were the concentration on pastoralism and periodical drought. The price of wheat was greatly influenced by drought, going from four to five shillings per bushel in 1833 to ten to twelve shillings in 1835 and 1836, and dropping to six to eight shillings in 1837 and 1838. It then climbed to unprecedented heights, exceeding twenty-five shillings in the latter part of 1839.

The high price of grain and other foodstuffs resulted in widespread distress among the urban working class in 1839.

38 Herald, Weekly Trade Lists
39 ibid; Nicholson, Shipping, Sydney 1826-1840, p. 29ff; Returns of the Colony.
41 Herald, Daily Wheat Prices.
and prompted the formation of the Sydney Association for Relief of the Poor, which was well supported by donations from the wealthier colonists. The Association collected close to £2,000 which was used to sell food to the needy at half price between August and September 1839. Fortunately the crisis was short lived, as the arrival of large cargoes of wheat caused the price of wheat to fall to six shillings per bushel by the end of the year.

Trade with the South Sea Islands and the United States increased, but was still of relatively little importance (Table 21).

**TABLE 21**

<table>
<thead>
<tr>
<th>Year</th>
<th>South Sea Is. Imports (£)</th>
<th>USA Imports (£)</th>
<th>South Sea Is. Exports (£)</th>
<th>USA Exports (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1836</td>
<td>1,972</td>
<td>22,739</td>
<td>9,628</td>
<td>13,679</td>
</tr>
<tr>
<td>1838</td>
<td>5,548</td>
<td>8,066</td>
<td>7,137</td>
<td>11,324</td>
</tr>
<tr>
<td>1840</td>
<td>1,348</td>
<td>24,164</td>
<td>6,621</td>
<td>27,885</td>
</tr>
</tbody>
</table>

Imports from the United States included miscellaneous items such as tobacco, asphalt, building materials and whaling gear.

Parallel with the rising volume of overseas imports and exports, the amount of sea borne trade between the Australian colonies also increased in the 1820s and 1830s.

42 Herald, 5, 12 and 28 August 1839, 2 October and 1 November 1839.

43 Returns of the Colony.
particularly with the establishment of settlements at Port Phillip and South Australia.

**Trade with the Australian Colonies**

The settlement on the Derwent was established in 1803, mainly for strategic reasons. The population of the island was about 6,000 in 1820 and 24,000 in 1830 of whom about half were prisoners. By 1840 there were 46,000 inhabitants with a third still under servitude. Trade was initially all one way, consisting of provisions and commodities supplied by the government from Sydney, but by 1810 shipments of wheat, potatoes and salted meat were made to the parent colony. By the 1820s there was some direct export of wool, bark, oil and skins to England, but these products were also frequently sent to Sydney as the main departure point for ships for England via Eastern ports.  

Mercantile development had a slow start in Van Diemen's Land, due to the prohibition on merchant ships discharging cargo at any point in New South Wales or its dependent territories other than Port Jackson without the express permission of the governor. This regulation, which had been introduced by Bligh and continued by Macquarie, was not rescinded until 1813. When Macquarie received a memorial from the inhabitants of Hobart requesting the lifting of the ban, he declared that if he granted the request "the mother


colony of Port Jackson would become entirely dependent on
the small subordinate settlement of the Derwent for all
their principal supplies from England, India, etc. In
ordering that the instruction be rescinded in a despatch
which predated Macquarie's reference to the Hobart memorial,
Lord Bathurst stated that he could not find in Bligh's
correspondence "any ground assigned by him for the measure",
nor had Macquarie's reports given "reasons for the adoption
of such a regulation".

Macquarie's stated reasons for the prohibition proved
groundless when it was lifted. Although Hobart was
generally the first port of call for ships bringing
merchandise from England or Eastern ports, there were
probably other reasons for the original instruction. In its
early years, greater control could be exercised over the
development of the penal settlement consisting of a few
hundred convicts and a small number of settlers, by
supplying all its requirements from Sydney. It is also
likely that the possibility of breaches of the rights of the
East India Company had an influence on the promulgation of
the instruction.

Immigrant merchants established themselves in Van
Diemen's Land in a similar way to those who settled in

46 Macquarie to Geils, 1 June 1812, HRA, Series 3, Vol. 1,
p. 483.


48 R.J. Solomon, Urbanisation: The Evolution of an
Australian City, Sydney, 1976, p. 74.
Sydney. By the late 1820s there were around a dozen import-export merchants in Hobart, six auctioneers and over thirty wholesale and retail outlets for imported goods, while there were about nine import-export merchants in Launceston. By the late 1830s merchant numbers had about doubled in both Hobart and Launceston. One of the most prominent of the Hobart traders was Anthony Penn Kemp, trading as A.F. Kemp and Company. Kemp was an ex-New South Wales Corps officer and the agent of Donaldson, Wilkinson and Company. Other leading merchants were Walter Angas Bethune, a Scotsman who arrived in 1825 and formed a partnership with ex-Eastern trader G.F. Read; William Orr, who landed in Hobart in 1825 with £3,000 worth of goods as agent for his father, a London merchant; and the wealthiest of the merchants, Edward Lord, ex-marine officer who had come to the colony with David Collins and by the early 1820s had become a pastoralist and shipowner on a large scale.

As previously noted, of particular importance to Van Diemen's Land in the 1820s was the Australian Company of Edinburgh-Leith, as it provided the first regular trading service between Britain and the colonies. A large warehouse and its principal agent, Charles McLachlan, were located in Hobart. Other leading Hobart merchants were John Lord, who

49 Tasmanian Almanac, 1826, 1827, 1830; Van Diemen's Land Almanac, 1831; Launceston Courier, 12 October 1840; Hobart Town Courier, 1827-1829 and 4 March 1836.


51 ADB, Vols. 1 and 2; W. Orr Sr. to Bathurst, nd 1824, CO 201/160.
arrived from Calcutta via Sydney in 1827 and had a brief period of success before becoming insolvent in 1829, and John Bell, a Scottish master mariner who also settled in 1827 and soon established shipping agencies in Hobart and Launceston. 52 Probably the most versatile of the early Van Diemen's Land merchants was Captain William Wilson, who traded with England, Mauritius, India, Sydney and the Swan River settlement. 53 Also among the Van Diemen's Land traders were a number with direct family relationships to Sydney merchants. These included Simeon Lord Jr., Thomas and James Reibey and Thomas and John C. Underwood. All except the last-named, who was an auctioneer, operated from Launceston. 54

Launceston on the River Tamar became the second port of Van Diemen's Land because of its proximity to the wheat growing areas of the island and to Sydney as the main destination of wheat exports. 55 With the opening of the Port Phillip district and South Australia to settlement in the mid 1830s, Launceston played an important part in supplying the settlers with stock and essential supplies. Some of the more successful Launceston merchants were Michael Connolly who was associated with Hewitt, Gore and Company, agents for John Gore and Company of London; John

52 ADB, Vol. 1; Hobart Town Courier, 14 February 1829.
53 ibid., 29 May 1830.
54 ADB, Vol. 2; Irvine, Mary Reibey, p. 99.
55 Hartwell, Economic Development of Van Diemen's Land, p. 163.
Griffiths, son of an emancipist, who was a ship owner, bay whaler and colonial trader; Williams, Campbell and Company, a partnership between Thomas Williams and Robert Campbell Jr., agents for Robert Brooks; and Henry Reed, agent for Buckles and Company. 56

It was common practice for merchants from each colony engaged in inter-colonial trade to travel between Sydney, Hobart and Launceston with cargoes or exchange visits with their agents or partners. 57 Also Van Diemen's Land merchants like Captain Briggs, Captain Wilson and Thomas Underwood made speculative voyages to Mauritius, Asia and the East Indies, disposing of their cargoes in Hobart, Launceston and Sydney. Other merchants, Kemp and Company and W.A. Bethune in particular, entrusted such speculations to supercargoes like James Flaherty, who made repeated voyages to the East as a supercargo. 58

Much of the trade between Sydney and Van Diemen's Land was conducted in overseas ships from Britain, Mauritius,


57 Hobart Town Courier, 30 August and 17 May 1828, 28 February and 17 October 1829; Irvine, Mary Reibey, p. 99.

58 Tasmanian and Port Dalrymple Advertiser, 30 March 1825; Hobart Town Courier, 27 October 1827, 1 November and 13 December 1828, 17 July and 18 September 1830; Colonial Times, 12 June 1829; Nicholson, Shipping, Arrivals and Departures, Tasmania 1803-1833, Canberra, 1983, pp. 100ff.
India or China which unloaded part of their cargo and passengers in Hobart, or to a lesser extent Launceston, and filled up vacant cargo space with wheat and other local produce for Sydney. Similarly, ships returning to overseas ports conveyed cargo and passengers to Van Diemen's Land before loading Van Diemen's Land export products. There was also a substantial inter-colonial trade by colonial ships as shown in Table 22.

**TABLE 22**

**TRADING VOYAGES BY COLONIAL SHIPS BETWEEN SYDNEY AND VAN DIEMEN'S LAND 1825-1832**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Trading Voyages</th>
<th>Year</th>
<th>No. of Trading Voyages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1825</td>
<td>19</td>
<td>1834</td>
<td>84</td>
</tr>
<tr>
<td>1828</td>
<td>35</td>
<td>1838</td>
<td>72</td>
</tr>
<tr>
<td>1832</td>
<td>40</td>
<td>1840</td>
<td>51</td>
</tr>
</tbody>
</table>

Most of the ships in this trade were brigs or schooners between 50 and 150 tons burden. From the early 1830s a third to half of the voyages made were as regular return trips by three or four ships, although these regular traders varied over the period. From slightly over a half to two-thirds of this traffic went between Sydney and Hobart and the remainder went between Sydney and Launceston.

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59 ibid; Nicholson, Shipping, Sydney 1826-1840, p. 7ff.
60 ibid.
Most of the Sydney traders participated in the Tasmanian trade. In the 1820s Robert Campbell Jr. and Company, Cooper and Levey and Thomas Street were prominent. In the 1830s Learmonth and Company, Daniel Egan, Henry Bell, Robert Anderson, Dawes, Gore and Company and Montefiore Breillat and Company were regular traders at various times with vessels like the Currency Lass (90 tons), the Marion Watson (146 tons), the William (148 tons), the Industry (95 tons) and the Abercromby (143 tons). 61

As in New South Wales there was public debate in Van Diemen's Land over what was considered to be the excessive importation of foodstuffs and spirits. Imports of timber, coal, lime and re-exported wine, spirits and manufactured goods from Sydney were augmented in the 1830s by colonial butter, cheese, soap, salt beef and furniture. Butter and cheese were singled out for comment, but as observed by the Gazette, Sydney merchants could supply these items at a third to a half the cost of the equivalent Van Diemen's Land produce. 62 In the early 1830s, salt beef could be imported at a similar relative cost because of the depressed prices of livestock in New South Wales. 63 Revenue deficiencies in the late 1820s, when the Van Diemen's Land government had to

61 ibid; Herald, Weekly Trade Lists.
63 Hobart Town Courier, 17 July 1830.
borrow £78,000 from the Commissariat, prompted the imposition of increased duties on spirits, tea and tobacco, and a ten percent duty on British goods not directly imported. This would have affected Sydney merchants, but a petition of protest signed by leading Van Diemen's Land merchants resulted in the latter duty being withdrawn. 64

Van Diemen's Land agriculturalists were not greatly affected by the depression of 1827-1831. 65 The island did not suffer drought, so the price of wheat remained reasonably stable at above seven shillings per bushel, until 1831, when it fell to between five and six shillings as demand from New South Wales slackened off. 66 In commercial affairs the island encountered the same liquidity crisis as New South Wales and a glut of imported goods in 1828 and 1829. At the same time financial liabilities were at a dangerous level, some twenty times greater than the circulating medium. In this climate there were some insolvencies, including the merchants Edward Lord, John Lord and H.W. Mason, as well as the auctioneers J.E. Cox and J.C. Underwood and several wholesale and retail shopkeepers. 67

64 Hartwell, Economic Development of Van Diemen's Land, p. 237; Macmillan, Scotland and Australasia, pp. 231-232; Gazette, 7 November 1828.


67 Hobart Town Courier, 14 February and 8 August 1828, 21 February 1829; Colonial Times, 20 March and 31 July 1829.
More important was the demise of the Australian Company of Edinburgh-Leith. The low price for colonial products in Britain, the increased shipping competition and low freight rates took their toll. Some alleviation was achieved through inter-colonial trading by the Hobart and Sydney agents, McLachlan and Ellis Scott, but the Company's decline continued and was hastened by the failure of creditors such as John Lord and J.C. Underwood. The Company also lacked the flexibility to take advantage of all the avenues of profit open to it. Governed by a conservative board in Edinburgh with little detailed knowledge of the Australian colonies, it did not lend or make advances to settlers, nor did it invest in whaling or pastoralism like other leading merchants. To obtain land grants the Company would probably have needed to obtain a charter, but this was never attempted. The most important result of the Company's activities was the large number of Scottish immigrants it brought to the colonies.

Trade between Sydney and British colonies, mainly Van Diemen's Land initially, and from the mid 1830s the settlements at Port Phillip and South Australia, is shown in Table 23.

68 Macmillan, Scotland and Australia, pp. 216-248.
69 Widowson, Present State of Van Diemen's Land, p. 43.
### TABLE 23

**SYDNEY TRADE WITH BRITISH COLONIES 1832-1840**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sydney Imports from British Colonies (£)</th>
<th>Sydney Exports to British Colonies (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1832</td>
<td>47,895</td>
<td>63,934</td>
</tr>
<tr>
<td>1834</td>
<td>124,570</td>
<td>128,211</td>
</tr>
<tr>
<td>1836</td>
<td>220,254</td>
<td>136,596</td>
</tr>
<tr>
<td>1838</td>
<td>183,501</td>
<td>85,973</td>
</tr>
<tr>
<td>1840</td>
<td>209,059</td>
<td>236,585</td>
</tr>
</tbody>
</table>

*Note: The designation "other colonies" in the Colonial Secretary's Returns of the Colony included India and Mauritius as well as Van Diemen's Land and, after 1836, Port Phillip and South Australia. New Zealand was listed separately. There was virtually no trade between Sydney and Swan River.*

The jump in the value of imports between 1832 and 1834 was due to the doubling of sugar imports from Mauritius and the further increase to 1836 to wheat imports from Van Diemen's Land. The high value of exports at the end of the period, which were mainly re-exports, reflected rising demands from the Port Phillip district. The value of locally produced and re-exported goods from Sydney to British colonies during the 1830s is as follows (Table 24).

### TABLE 24

**EXPORT OF LOCALLY PRODUCED AND RE-EXPORTED GOODS FROM SYDNEY TO BRITISH COLONIES 1832-1840**

<table>
<thead>
<tr>
<th>Year</th>
<th>Local Products (£)</th>
<th>Re-Exported Products (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1832</td>
<td>33,314</td>
<td>30,630</td>
</tr>
<tr>
<td>1834</td>
<td>67,267</td>
<td>60,944</td>
</tr>
<tr>
<td>1836</td>
<td>49,614</td>
<td>86,982</td>
</tr>
<tr>
<td>1838</td>
<td>48,181</td>
<td>37,792</td>
</tr>
<tr>
<td>1840</td>
<td>57,790</td>
<td>178,795</td>
</tr>
</tbody>
</table>

70 Returns of the Colony.

From 1836 regular trading voyages commenced between Sydney and Port Phillip and Sydney and South Australia. Concurrently, overseas ships frequently conveyed cargo and passengers between the colonies. The growth of regular trading is shown in Table 25.

**TABLE 25**

| REGULAR TRADING BETWEEN SYDNEY AND PORT PHILLIP AND SOUTH AUSTRALIA 1838 - 1840 |
|---|---|---|---|---|
| | Sydney-Port Phillip | Sydney-South Australia |
| **No. of ships engaged** | 1838 | 1840 | 1838 | 1840 |
| | 5 | 5 | 5 | 5 |
| **No. of return trips** | 1838 | 1840 | 1838 | 1840 |
| | 11 | 26 | 7 | 10 |
| **Tonnage** | 1838 | 1840 | 1838 | 1840 |
| | 25-80 | 100-200 | 100-270 | 80-200 |

Port Phillip grew rapidly from 1836, with a steady flow of settlers and stock mainly from Van Diemen's Land. The population of the District was around 12,000 by 1841, with forty firms and individuals listed as merchants and shipping agents, of whom about half were overseas traders. The rest were primarily engaged in local inter-colonial trade. South Australia also progressed rapidly, having about 15,000 inhabitants by 1841 and some twenty overseas and inter-colonial traders.73 Besides re-exported goods, most of the ships trading regularly between Sydney and Port Phillip and

Sydney and Adelaide transported building materials, foodstuffs and passengers to the new settlements. The ships mostly returned to Sydney in ballast, but towards the end of the period were bringing back small quantities of wool from both Port Phillip and South Australia. In the late 1830s Sydney speculators, including the merchants Gore, Donaldson, Hughes and Hosking, Thomas Walker, Spark and Robert Campbell Jr., took passage to Port Phillip to invest in land. A few like Arthur Willis, Arthur Kemmis and Donaldson, formed branches in Melbourne. The merchants principally concerned in the trade to Port Phillip, initially with ships under 100 tons, were Learmonth, Grose and A. and S. Lyons. Later as larger ships were employed, Henry Moore, A.B. Smith and Company, Alexander Fotheringham and Thomas Woolley were prominent. The South Australian trade was conducted mainly by Spark, A. and S. Lyons each with two ships and V. and E. Solomon. The brothers Vaiben and Emanuel Solomon, like Samuel Lyons, were ex-convicts who took up auctioneering in Sydney in the 1820s and eventually engaged in inter-colonial and some overseas trading in the 1830s. Emanuel was resident in Adelaide and Vaiben in Sydney.

The rapid and almost uninterrupted growth in overseas and inter-colonial trade in the 1830s continued to attract

74 Nicholson, Shipping, Sydney 1826-1840, p. 142ff.
75 W. McIlroy, 'Melbourne's Land Sales, Part 2', Victorian Historical Magazine, Vol. 17, No. 4, 1939, p. 98ff; Australian, 8 October 1839, 24 April 1942.
merchants to the colony. However, the growth in the overall volume of trade far exceeded the relative increase in the merchant community, so that individual merchants gained greatly in wealth. This gave them a higher profile in the community. By the mid 1830s merchants like Richard Jones and A.B. Spark were prominent in local politics and in the highest level of colonial society.

**Attempts to Develop Additional Exports or Reduce Imports**

The great disparity between the value of colonial imports and exports in the 1820s and early 1830s led to efforts to develop local products to decrease the dependence on imports and possibly augment export earnings. Among the products which attracted attention were spirits, tobacco, sugar, salted beef and horses.

For many years it had been thought that granting the right to distil spirits in the colony would be an important fillip to encouraging production and ensuring an expanded market for grain, as well as reducing the high cost of importing spirits. Macquarie, Wentworth and Bigge had all strongly recommended local distillation on these grounds. However, the high expectations for a beneficial effect from the local production of spirits were to be disappointed. Only two distilleries were in operation during the 1820s and 1830s and neither of them attained full production.

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77 Macquarie to Liverpool, 7 November 1812, HRA, Vol. 7, p. 593; Bigge, *Report on Agriculture and Trade*, p. 32.
On Bigge's recommendation duty was set at a maximum of ten shillings per gallon on spirits manufactured in the United Kingdom or from the West Indies and imported from the United Kingdom, and a maximum of fifteen shillings per gallon on all other spirits. The local government could raise or lower the duties as long as the maxima were not exceeded. As the ten shilling duty encouraged smuggling to the extent that considerable revenue was lost, it was reduced to seven and sixpence in January 1825 and to six shillings in October 1825. At the same time the duty on locally produced spirits from sugar was reduced from five shillings to four shillings and twopence per gallon and from three shillings to two shillings and sixpence for that distilled from grain. In a detailed memorandum to the Secretary of State accompanying his proclamation of January 1825, Brisbane set out the estimated costs of local distillation, which would give a competitive advantage over imports.

The first distillery, named the Sydney Distillery, was built by Daniel Cooper and James Underwood. Before it commenced production in 1824 the partnership was dissolved, and Cooper built the Brisbane Distillery, which opened in December 1825. The Sydney Distillery operated only during 1824 and 1825, producing 6,800 gallons of spirits (gin) from


79 Gazette, 20 January, 21 April and 31 October 1825.

80 Brisbane to Bathurst, 4 April 1825, HRA, Vol. 11, p. 487ff.
grain.\textsuperscript{81} The Brisbane plant continued operation for many years, production from grain varying from 2,500 to 6,500 gallons per year in the 1820s to 8 to 9,000 gallons per year in the 1830s.\textsuperscript{82} In 1825 and 1826 Cooper was given permission to distil 37,000 gallons from sugar, provided he exported wheat in proportion to the sugar used.\textsuperscript{83} The wheat would have been exported to Mauritius, the source of most of the sugar imported into the colony. The difficulty of arranging wheat exports, the colonists' preference for imported rum, and relatively high local production costs, precluded the continued use of sugar for distillation.\textsuperscript{84}

Similar problems were encountered with the use of grain. Although it was provided in the regulations that distillation would cease when the price of wheat exceeded ten shillings per bushel, the fluctuating cost below this figure, together with the cost of getting it to the Sydney-located distilleries, made the local product too expensive.\textsuperscript{85} It was argued that a differential duty of at least three shillings and eight pence was necessary to allow local spirits distilled from grain to be competitive with

\begin{itemize}
  \item \textsuperscript{81} Votes and Proceedings, Vol. 1, 1839, Evidence before the Legislative Council Committee on Distillation.
  \item \textsuperscript{82} \textit{Ibid.}
  \item \textsuperscript{83} \textit{Ibid.}
  \item \textsuperscript{84} Report on the Naval Officers Department, 2 April 1827, Governor's Despatches Vol. 10, A1199, p. 282.
  \item \textsuperscript{85} Gazette, 20 January 1825; J. Atkinson, \textit{On the Expediency and Necessity of Encouraging Distilling and Brewing from Grain in New South Wales}, 2nd edition, Sydney, 1829, pp.5-6.
\end{itemize}
the imported product.\textsuperscript{86} The preference for imported spirits is evident in the quantities brought into the colony (Table 26).

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
Year & Gals. \\
\hline
1823 & 40,997 \\
1824 & 46,163 \\
1825 & 120,404 \\
1826 & 132,190 \\
\hline
\end{tabular}
\caption{SPIRITS IMPORTED INTO NEW SOUTH WALES 1823-1826\textsuperscript{87}}
\end{table}

The reason for the sudden increase from 1824 to 1825 is not apparent. Possibly the reduction of the duty and less smuggling contributed to the upsurge in imports. The imported price of rum (before duty) was four to five shillings per gallon. The initial price in London could have been as low as one shilling and sevenpence.\textsuperscript{88}

In arguing the case for local distillation from grain in 1829, James Atkinson claimed that distilleries near Sydney "never have nor ever can be of much use in encouraging agriculture" unless the duty differential between imported and locally-produced spirits was increased, because of the cost of transporting grain from outlying districts. His solution was to site distilleries at towns like Windsor,

\textsuperscript{86} Report on the Naval Officers Department, Governor's Despatches, Vol. 10, 1827, A1199, p. 282.

\textsuperscript{87} ibid., p. 277.

\textsuperscript{88} Brooks Ledger, Folios 46, 96, 217, FM4/2347.
Penrith or even Bathurst. Cooper attempted to overcome this difficulty to some extent by advertising for a year's supply of grain in advance in order to secure a relatively low price. However, the general aim of an extended market for grain through local distillation was never in prospect of being realised. Even if the cost differential had been overcome, imported spirits would always be preferred to any local product.

Attempts to establish a sugar industry were also unsuccessful, although the Port Macquarie area was early recognised as likely to be suitable for growing sugar cane. In 1820 John Gyles, a missionary from Tahiti recommended to Macquarie that cane be cultivated there. Subsequently, the commandant at Port Macquarie reported in 1822 that a small area of cane had been grown successfully. The local government took the initiative in promoting sugar production by appointing Thomas Scott to supervise its cultivation at Port Macquarie at a salary of £250 per year. Scott had some experience of sugar production in the West Indies and Tahiti, but apparently did not have the application or management skills for the job. In 1828 Darling reported, in

89 Atkinson, Expediency of Distilling, pp. 5-6.
90 Gazette, 1 July 1826.
91 ibid., 19 August 1830.
respect to the cane growing experiments, "the canes grow as well as possible; but the want of the necessary machinery, and perhaps the unskillfulness of the Superintendent rendered our exertions to make sugar abortive". 95 Scott was dismissed shortly afterwards and an enquiry into the state of the establishment at Port Macquarie concluded that frost and mismanagement led to poor results in cane growing. 96 It was not until the 1860s that commercial production of sugar was undertaken in northern New South Wales and Queensland. Refining of sugar imported from the Philippines was commenced in Sydney in 1842 by the British capitalised Australasian Sugar Company. The company made slow progress during and after the 1840s depression and was eventually taken over by the Colonial Sugar Refining Company in 1854. 97

More success attended tobacco culture. Tobacco growing and processing prompted much public discussion and aroused expectations that the locally grown product would gradually displace the imported article and even become an export. 98 Bigge had recommended that a duty of four shillings per lb. be imposed on imported tobacco to encourage local production. But it appears that large stocks were imported in anticipation of the new duty, and before colonial growers

98 Gazette, 21 May and 22 September 1829, 10 April 1832.
could take advantage of this protection, the duty was reduced by Brisbane to one shilling per lb. in 1825.99 Before 1827 the government establishments at Emu Plains and Port Macquarie were the main sources of local tobacco cultivation, producing 51,300 lbs in 1826 and 7,000 lbs in 1827.100 The drought conditions in the late 1820s reduced the government tobacco crops to negligible proportions and its further development was left to individual settlers.101

James Atkinson considered that the export of tobacco would soon "be an object of importance".102 The Agricultural and Horticultural Society of New South Wales also actively promoted tobacco growing as well as other crops such as rape, olives and even opium. The high expectations for tobacco as a colonial export is evident from the 1829 annual report of the Society, viz:

If cultivation of tobacco is encouraged in this colony, with a certainty of a rewarding price in the English market, in a few years we shall be able to load several ships with cured leaf for manufacture in England.103

In 1828 Darling reported that the manufacture of tobacco, the growth of the colony into the description called Negro Head has been lately much advanced and improved and bids fair to

99 ibid., 9 and 16 June 1825.

100 Returns of the Colony.


103 Annual Report of the Agricultural and Horticultural Society, 1829, p.25.
supersede the importation of that article from the Brazils or elsewhere.

At the same time he announced his intention to increase the duty on tobacco "in order to encourage its cultivation in the colony". This was done in October 1828, when the duty was increased to one shilling and sixpence per lb. for unmanufactured and two shillings for manufactured tobacco.\(^{104}\) This was deemed satisfactory, as it was thought that the locally grown article could be sold at three shillings per lb.\(^{105}\) In 1830 it was selling as low as one shilling and threepence per pound and the 'landed proprietors' petitioned the Secretary of State for a reduction of the British duty on tobacco by two thirds to permit the colonial product to compete with foreign imports. The request was refused.\(^{106}\)

Subject to drought and frost conditions, tobacco was grown in all districts of the colony, with the largest acreages in Cumberland and the Hunter River Valley districts. The 1831 crop totalled 134 tons and had increased to around 200 tons annually by the end of the decade. Export of tobacco was variable, but was less than £3,000 per annum to 1840. The local production equalled a quarter to a half the amount imported each year in the

\(^{104}\) Darling to Huskisson, 10 April 1828, HRA, Vol. 14, p. 129; Gazette, 17 October 1828.

\(^{105}\) ibid., 20 October 1828.

\(^{106}\) Darling to Murray, 23 January 1830, HRA, Vol. 15, pp. 340-344; Murray to Darling, 8 August 1830, HRA, Vol. 15, p. 661.
Further potential for export earnings emerged in 1830 when stock breeders and merchants promoted the export of horses and salt beef. The demand for the latter commodity increased greatly in the late 1820s and 1830s to meet the requirements of the growing number of visiting ships and the local whaling fleet. Irish salt beef was the standard against which this product was judged and previous attempts at local production had been unsuccessful because of lack of care in processing and doubt about the quality of locally produced salt. Two public meetings were held to formulate plans for producing export beef and a committee appointed to co-ordinate the export of trial quantities prepared according to the Deptford Dockyard specifications.

Very little co-operative action was achieved, but several producers and merchants, principally Cox, Jamison and Samuel Terry, sent trial cargoes to Mauritius, London and India, all of which received a generally favourable reception. Thereafter John Terry Hughes built a large beef salting premises at Darling Harbour, where Samuel Terry

107 Returns of the Colony.
108 Darling to Huskisson, 10 April 1828, HRA, Vol. 14, p. 129; Gazette, 13 May and 3 June 1830.
109 ibid., 22 May, 3 June, 3 July and 12 August 1830.
110 ibid., 24 August 1830, 12 February, 16 August and 22 December 1831, 29 March 1832.
produced beef for export. He was awarded a contract to supply the Navy on the Indian station and exports rapidly increased as indicated in Table 27.

**TABLE 27**

<table>
<thead>
<tr>
<th>Year</th>
<th>Export (£)</th>
<th>Import (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1830</td>
<td>4,609</td>
<td>1,248</td>
</tr>
<tr>
<td>1832</td>
<td>19,932</td>
<td>3,287</td>
</tr>
<tr>
<td>1834</td>
<td>27,625</td>
<td>7,255</td>
</tr>
<tr>
<td>1836</td>
<td>21,535</td>
<td>19,170</td>
</tr>
<tr>
<td>1838</td>
<td>15,090</td>
<td>28,621</td>
</tr>
<tr>
<td>1840</td>
<td>6,005</td>
<td>80,000</td>
</tr>
</tbody>
</table>

Beef was selling generally at below threepence per pound to the mid 1830s, so colonial salt provisions could be sold competitively. With the pastoral expansion of the late years of the decade and the increase in stock prices, it was no longer profitable to process beef locally and imports rose steeply.

At the meetings to promote beef, the prospects for exporting horses were canvassed, as it was considered that there was a market for them in Van Diemen's Land and India. A few hundred were exported in the early 1830s, mainly to Van Diemen's Land, but the trade petered out later in the

111 ibid., 5 November 1831.
112 Berry to Wollstonecraft, 16 June 1830, Berry Papers, MSS 315/87, p. 199; Herald, 23 June 1832.
113 Bourke to Goderich, 23 December 1831, HRA, Vol. 16, p. 485; Returns of the Colony.
decade. It was revived with some success by Robert Towns and others in the mid 1840s.114

Typically there was press comment expressing lack of confidence in attempts to find export markets for beef and horses. The price would not be competitive, although beef was selling at below twopence per pound in Sydney; the local salt was unsatisfactory and the beef would go to the wrong markets if breeders by-passed merchants. Also the price of horses would be too high for overseas markets. Even the usually optimistic Gazette doubted if consistent quality could be maintained in salt beef.115

Generally items such as spirits, tobacco and salted beef produced locally could not compete in quality or price with imports. The traditions and expertise involved could not be emulated in the colony and the settlers continued to prefer imported products. Perhaps the greatest impediment to any concerted effort to become more self-sufficient in basic commodities, particularly in the 1830s, was the attraction of pastoralism, whaling, speculative trading ventures and land speculation, which absorbed available capital. There was little incentive to invest in products which had little hope of successfully competing with readily available imports.

114 ibid; A.T. Yarwood, 'The 'Indian Business': The Origins of Horse Exports from Australia to India 1834-1847', JRAHS, Vol. 73, Pt. 1, 1987, pp. 45-48; See also Chapter 11, p. 310.

115 Gazette, 13 May and 3 June 1830, 17 March 1831.
CHAPTER 8

STAPLE EXPORTS 1831-1841

The most valuable colonial exports in the 1830s were wool and whale products. During most of the decade their combined value was about two-thirds of export earnings from colonial products, rising to over ninety percent in 1839 and 1840, after which the returns from whaling declined rapidly. Between 1830 and 1833 whale products, with an annual value of £50,000 rising to £146,000 exceeded, that of wool. But thereafter wool exports from Sydney increased progressively in annual value to £500,000 by 1840, while whale products reached only £203,000.¹ The merchants extended their domination of the wool trade through the purchase and consignment of wool and in providing credit to the pastoralists.

The import-export merchants contributed all the capital and organisation for the whaling industry. As most of the black whales which provided the bulk of the oil exports were captured from ships or shore establishments on the coasts of New Zealand, many merchants also became involved in the local flax and timber trade, for which the goodwill and cooperation of the Maoris was essential. Neither flax or New Zealand timber in the form of ships' spars or pine planking became substantial exports, although flax brought appreciable returns for a few years in the early 1830s. Other minor and variable contributions to export earnings

¹ Returns of the Colony.
outside the Australian colonies, were made by salt provisions, hides and horses.

**South Seas Whaling and New Zealand Trade**

Sperm whaling off the New South Wales and New Zealand coasts had been carried on since the early days of settlement, mostly by British ships. Early American ships in the area were mainly engaged in sealing and American whalers did not appear in any numbers until the mid 1830s. Richard Jones, when in England between 1819 and 1824 was part owner of five whaling vessels operating in the South Seas. But there was little incentive for appreciable colonial investment in whaling due to the high British import duties on oil secured by colonial ships. With the increasing demand for whale oil for industrial use, the duty was reduced to one shilling per ton for both British and colonial oil in 1825, while foreign oil was charged at £26-12 per ton. The removal of the duty resulted in the expansion in colonial sperm and bay whaling, such that whale products became a major source of export income.

Bay whaling for the black or right whale had been carried out on a small scale in the Derwent estuary and in other bays on the east coast of Van Diemen's Land from 1805. From the mid 1820s this was intensified at locations like the Derwent, Recherche Bay, Bruny Island and Swan Port.

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under the control of Hobart entrepreneurs. Bay whaling was also undertaken at Twofold Bay, south of Sydney. Thomas Raine was reported to be taking oil from there in 1828 and the Imlay brothers, who had large pastoral holdings in the area, engaged in bay whaling in the 1830s and 1840s with some success, as the station produced 200 tons of oil in 1840, considerably more than many New Zealand establishments. When Benjamin Boyd commenced whaling at Twofold Bay in the 1840s there were several stations operating in the Bay. But information of the amount of oil taken for most of the 1830s and 1840s is not known.4

In the late 1820s, whaling became an attractive proposition and was taken up by Sydney as well as Hobart merchants. By 1828 the fitting out of ships for whaling was limited only by a shortage of gear such as harpoons, casks and boiling down equipment.5 Merchants were attracted to the coasts of New Zealand because of the relatively large number of sheltered harbours where whaling could be carried out from shore establishments or from ships. The advantage of shore stations for hunting the black whale was that they were cheaper to run than ship operations, as ships supplying


5 ibid.
the shore establishments with men and provisions and taking off oil could be used for other trading ventures during the whaling season, which extended from May to October. Sperm whalers were fitted out for a one or two year cruise, seeking their prey in temperate waters in the summer months. The Bay of Islands was a favourite rendezvous for sperm whalers in the off season, where they replenished their provisions from the natives and generally co-habited with native women.

There is no precise information on the extent of the involvement of Sydney merchants in bay whaling in New Zealand, although they were the most active participants in the short period between 1830 and 1840 during which the trade flourished. The most detailed study of New Zealand bay whaling is given in The Old Whaling Days in which Robert McNab, New Zealand Minister for Lands and Agriculture in the early 1900s, included the results of his search for sources in Australia, Britain and America. However, he was dependent for much of his information on shipping reports in Sydney and Van Diemen's Land newspapers, which give details of ship movements and cargoes, but few references to shore establishments. Consequently McNab is rather vague on the number and distribution of bay whaling stations.

6 R. Carrick, Historical Records of New Zealand South, Dunedin, 1903, p. 132.
7 R. McNab, Old Whaling Days: A History of Southern New Zealand from 1830 to 1840. Christchurch, 1913, p. IV
Bay whaling on the coast of New Zealand commenced in 1830. One of the first in the field was John Bell of Bell and Farmer, who spent some months at Cloudy Bay in Cook Strait in 1830 and sent oil to Sydney in the firm's ship William Stoveld. In the next few years Bell settled in the South Island.\(^8\) About the same time Robert Campbell Jr. and Company set up a shore station in Cook Strait, but relinquished it after two years, although the firm continued with ship whaling and purchases of oil from other establishments. Between 1832 and 1836 the company shipped approximately 1800 tons of black oil from New Zealand.\(^9\) In 1831 Archibald Mosman formed two stations in the Cloudy Bay area. By this time several vessels from Hobart were also in the Strait whaling from ships.\(^10\)

The Sydney firm of Wright and Long set up shore stations at Kapiti and Entry Island near the mouth of Cook Strait in the early 1830s. Besides bay and sperm whaling and general trading to New Zealand with at least three ships, this firm was involved in the wine and spirit trade, with extensive wharves and warehouses in Sydney.\(^11\) Richard Jones and M'Gaa, Breed and Company apparently also had shore stations in Cook Strait, and in 1836 Robert Duke acquired an

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8 ibid., pp. 9-11; Nicholson, Shipping, Sydney 1826-1840, p. 53.

9 Campbell and Company reply to questionnaire from the Collector of Customs, (Quoted by McNab, pp. 156-157).

10 McNab, Old Whaling Days, p. 17.

11 Gazette, 25 November, 1837; Australian, 17 November 1837; McNab, Old Whaling Days, p. 149.
establishment which cost him £5,000 and which employed eight boats and sixty Europeans. 12 There is occasional mention by McNab and the newspapers of other establishments in the South Island, but it is not certain whether they were concerned with whaling or flax and timber getting or both. For instance Montefiore and Company had two establishments at Poverty Bay and one at Tologa Bay, and McLaren and Company also had one at Tologa Bay. 13

The southern end of the South Island was also opened up to bay whaling in 1830 when George Bunn set up at Preservation Inlet. Bunn used his schooner the Caroline, which traded in flax and seal skins as well as oil. 14 When Bunn died in 1834, his station was taken over by John Jones, a self-made Sydney-born Australian, in partnership with Captain Edward Palmer. 15 They came to conduct the most extensive bay whaling operations in New Zealand, eventually controlling seven stations. In 1839 Jones paid out Palmer, by which time he employed 280 men and claimed that his yearly outlay for whaling was £15,000. 16 Another notable bay whaling firm operating in the South Island was that of the Weller brothers at Otago. Edward and Joseph Weller came

12 ibid., p. 156.
13 Herald, 14 August 1834.
14 McNab, Old Whaling Days, pp. 84-86.
15 J. Jones to Collector of Customs, 24 March 1836, (Quoted by McNab), p. 97.
16 Votes and Proceedings, Vol. 1, 1939, Evidence Before the Legislative Council Committee on the Customs' Regulation Bill.
to Sydney in 1827 and were presumably later joined by the third brother George. 17 The Wellers commenced whaling at Otago in 1832. Between whaling seasons, like other merchants, they traded in flax and timber. In the mid 1830s the Wellers employed eight-five men of whom three-quarters were European and between 1833 and 1835 they secured 800 tons of oil and 37 tons of whale bone. 18

The growth of the whaling industry can be seen in the statistics of oil exports from Sydney (Table 28).

**TABLE 28**

**OIL EXPORTS 1828-1840** 19

<table>
<thead>
<tr>
<th>Year</th>
<th>Sperm Tons</th>
<th>Value (£)</th>
<th>Black Tons</th>
<th>Value (£)</th>
<th>Total (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1828</td>
<td>311</td>
<td>17,400</td>
<td>-</td>
<td>-</td>
<td>17,400</td>
</tr>
<tr>
<td>1830</td>
<td>983</td>
<td>49,036</td>
<td>98</td>
<td>1,717</td>
<td>50,807</td>
</tr>
<tr>
<td>1832</td>
<td>2,491</td>
<td>122,772</td>
<td>695</td>
<td>20,165</td>
<td>142,937</td>
</tr>
<tr>
<td>1834</td>
<td>2,176</td>
<td>137,193</td>
<td>975</td>
<td>15,278</td>
<td>152,471</td>
</tr>
<tr>
<td>1836</td>
<td>1,682</td>
<td>101,410</td>
<td>1,149</td>
<td>31,399</td>
<td>132,809</td>
</tr>
<tr>
<td>1838</td>
<td>1,891</td>
<td>124,349</td>
<td>3,055</td>
<td>55,345</td>
<td>179,694</td>
</tr>
<tr>
<td>1840</td>
<td>1,854</td>
<td>129,170</td>
<td>4,297</td>
<td>73,928</td>
<td>203,098</td>
</tr>
</tbody>
</table>

There were approximately twenty locally registered ships engaged in whaling in 1830, owned individually or in partnership, thirty-four in 1836 and fifty-four in 1839. Initially most were sperm fishing, but by the mid 1830s approximately half were smaller ships, some under 100 tons.


18 G. Weller to Collector of Customs, 22 March 1836, Weller Correspondence 1832-1861, A1609.

19 Returns of the Colony. The value of whale products exported included whalebone and was approximately ten percent higher than the totals given in Table 28.
burden, collecting black oil and sometimes flax, pork and timber from the New Zealand coastal stations. The purchase and outfit of these vessels was to some extent funded by capital of British merchants held by their local associates. This was certainly the case with Lamb and Dacre, the latter using funds for whaling ventures withheld from Robert Brooks.

Whaling was always a hazardous undertaking, but bay whaling in New Zealand had the added danger of operating in a land with no formal government and still nominally owned by a savage people. By the late 1820s there were several hundred Europeans more or less permanently settled there and this number grew to around three thousand by 1840. On the lower end of the scale were the convict runaways from the Australian colonies, involved in whaling or living with the natives. Then there were the European bay whalers, mainly ex-British seamen or ex-convicts, many of whom stayed in New Zealand between seasons, co-habiting with the native women. In 1839 Donaldson estimated "that not less than 1,000 British subjects are engaged in the whale fishing in New Zealand". They were mostly British seamen who had left

20 ibid.
their ships in Sydney. There were genuine settlers who had purchased land from the Maoris, overseers or owners of whaling, flax or timber establishments, and finally the missionaries. The general lawlessness engendered by the convicts and occasionally by rapacious ships’ captains and crews resulted in sporadic retaliatory massacres by the Maoris, which generated public demands on the part of Sydney merchants for the annexation of the islands by Britain.

The first step in this direction was taken in 1833 with the appointment of James Busby as British Resident, and followed by eventual annexation in 1841.

Despite dangers and difficulties the number of whaling establishments proliferated. Tapp mentions twenty-two operated by fifteen Sydney firms, Rickard designates in excess of forty equally distributed between the North and South Islands (see Map 2), and Carrick identifies thirteen stations. Some in the Cook Strait operated for ten or more years, while others may have been used for only two or three seasons. Sifting the vague and often conflicting information on the ownership of whaling establishments it seems that at different times during the 1830s up to fifteen

23 ibid., Evidence of S. Donaldson.


Map 2: Frontispiece from L.S. Rickard The Whaling Trade in Old New Zealand Showing Whaling Stations
Sydney merchants directly controlled up to twenty stations. That owned by Wellers was the only one where a partner was permanently resident on the station. Others were run by overseers who were paid a share of the whale products secured, with occasional visits by the owners. Establishments not directly owned by merchants were controlled by whalers who made agreements with particular merchants. The merchants supplied the whalers with gear and provisions and took their oil and bone at agreed prices. The Weller correspondence contains a copy of such an agreement, in which the Wellers undertook to supply James Joss with casks, try pots, boats and provisions at cost plus fifteen percent on condition that he sold oil and bone to them only.

The Weller correspondence, which consists mainly of letters from George Weller in Sydney to his brother Edward at Otago, illustrates the vicissitudes of the whaling industry. The Wellers were particularly nervous over the possibility of attack by the Maoris, and George Weller went as far as to request the New South Wales government to sell him a howitzer and ammunition. The firm had difficulty in meeting the costs of refurbishing its ship the Lucy Ann and found it more profitable to charter ships than run their

26 McNab, Carrick, Rickard, op.cit.

27 Agreement between G. and E. Weller and James Joss, 24 December 1839, Weller Correspondence, A1609.

28 G. Weller to Colonial Secretary, 27 July 1835, Weller Correspondence A1609.
own. They also suffered loss on a consignment to England when a cargo of ninety tons of oil was reduced to forty tons due to leakage. By mid 1837 George Weller was complaining of restriction of credit by the banks. In 1841 the firm was unable to meet its commitments and was heading for insolvency. The Wellers were not the only firm to encounter financial difficulties over whaling. Wright and Long became insolvent in 1837, with the result that their extensive wharves and warehouses in Sydney, together with their New Zealand establishments were auctioned, realising £25,459.

A constant threat to the whalers was the possibility that oil taken on the coasts of New Zealand would be regarded by the British customs as foreign caught and become subject to the duty of £26-12 per ton. It had become standard practice to export such oil from Sydney as colonial and pay only the nominal duty. A request from George Weller in 1834 to import oil and bone direct from New Zealand to England at the nominal duty was refused by the British government, and Weller was apprehensive that the low duty on oil to England via Sydney would be prohibited. However, the re-exportation from Sydney was continued without penalty.

29 G. Weller to E. Weller, 9 March and 23 May 1835, ibid.
30 G. Weller to E. Weller, 29 February 1836, ibid.
31 Australian, 17 and 24 November 1837; Gazette, 25 November 1837.
32 G. Weller to Collector of Customs, 21 August 1834, Weller Correspondence, A1609; Customs (London) to G. Weller, 30 May 1835, ibid.
The question of duties came to a head in the late 1830s following a petition to the House of Commons by merchants and ship owners involved in Greenland and Davis Strait whaling, claiming that there was evidence of whalebone arriving in England with a certificate that it was British caught, when in fact it had been bought from American or other foreign ships on the high seas and later covered by a British certificate. This was denied in the colony, although such transactions had occurred.\textsuperscript{33} When a customs bill was before the New South Wales Legislative Council in 1839, the question arose as to whether products from New Zealand should be regarded as of foreign origin. A committee of the Council examined Francis Mitchell, Randulph Dacre, John Jones, George Weller, Stuart Donaldson and Thomas Walker, who were all involved in the trade in whale products, to get their opinions on the effects of such a decision. The unanimous opinion was that the trade would be taken over by the Americans, to whom British subjects would sell their oil and bone.\textsuperscript{34} Despite these views, the committee recommended that New Zealand be regarded as a foreign country for duty purposes. The dilemma was resolved by the annexation of New Zealand in 1841, by which time bay whaling was becoming much less profitable to Sydney merchants.\textsuperscript{35}

\textsuperscript{33} McNab, \textit{Old Whaling Days}, p. 273.

\textsuperscript{34} Votes and Proceedings, Vol. 1, 1839, Evidence before the Committee on the Customs Regulation Bill.

\textsuperscript{35} Tapp, \textit{Early New Zealand}, p. 153.
As with sealing, it was a foregone conclusion that the intensive bay whaling of the 1830s would be of short duration due to the excessive slaughter of whales in their calving areas. This was understood at the time, but past experience went for little with the Sydney merchants anticipating a rich harvest at a time when the major colonial products, wool and timber, were attracting low prices in London.\(^36\) As indicated in Table 28, the overall returns for oil increased between 1830 and 1840, although Cook Strait suffered a lean year in 1836, due to adverse weather and the large number of American ships fishing the area.\(^37\) There were around twenty American ships engaged in bay whaling each year between 1836 and 1839, which materially shortened the duration of the profitability of the trade for Sydney merchants.\(^38\) By the early 1840s the dearth of whales and the onset of depression in the Australian colonies virtually ended bay whaling for Sydney merchants.\(^39\)

Colonial sperm whaling was carried on from the late 1820s. During the 1830s it was complementary to bay whaling, as many of the merchants engaged in both types of fishery. The success of colonial whaling generally depended largely on the progress of the northern fishery, which had

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37 *Herald*, 8 December 1836.
been in decline since the early 1820s. This was due to a number of factors as far as British participation was concerned, including the removal of a twenty shilling bounty, the decline in whale numbers and a series of bad seasons. British whaling in the South Seas had also diminished since the 1820s, because of the distance, high costs and natural hazards of a three year voyage. Additionally there was strong competition from the American whaling fleet, of which some three hundred ships were fishing the Pacific by the 1840s. By comparison British participation declined from thirty-two ships in 1830 to nine in 1840. There is probably a causal relationship between the decline of the British sperm whaling in the Pacific and the developing colonial sperm fishery. The colonies supplied over thirty percent of the total British imports of sperm oil in the 1830s and two and a half times as much black oil as the combined British northern and southern fishery. 40 Unlike bay whaling, sperm whaling was continued by a small group of Sydney entrepreneurs during the 1840s. 41

The local sperm whalers had an advantage over their England-based counterparts. As Darling pointed out, the long elapsed time of up to three years to and from the whaling grounds by English ships subjected their owners to "much anxiety from the delay which takes place before they can receive any returns for their capital". Whereas from

41 See Chapter 12.
Sydney the ships were close to the whaling grounds and "as soon as their cargo is completed, they return hither, discharge, refit and proceed in quest of another cargo". The saving in time and closer control of operations by the merchants was estimated "to be equal at least to twenty to twenty-five percent in the profits over those of owners resident in England".  

The profitability of colonial whaling was governed by the London oil price, which was in turn affected by the success or otherwise of the northern fishery. In the late 1820s and early 1830s the price of sperm varied between £70 and £85 per ton and black was £30 to £35. In 1834 and 1835 sperm dropped to £60 to £70 and black to £20 to £25, but the disastrous northern season of 1836 sent sperm over £80 and black up to £45. In the late 1830s sperm oil prices rose to £90 to £100 with the overall decline in British whaling, while southern black oil fell back to £20 to £25 due to decreasing demand.

At any time during the 1830s about half the Sydney import-export merchants were investing in whaling to some extent. A few like Richard Jones, Walker and Company, and De Mestre concentrated mainly on the sperm fishery, each with two to five ships engaged. The remainder were involved

42 Darling to Huskisson, 10 April 1828, HRA, Vol. 14, p. 135; R. Jones to Donaldson Sr., 11 August 1829, Donaldson Papers, A727-2.

43 Herald, Periodical publication of 'Prices Current' in London; Jackson, British Whaling Trade, p. 137.
in differing degrees in both sperm and bay whaling, and the participation of particular firms varied throughout the period. In the early 1830s, Walker, Wright Long and Company, Richard Jones, Robert Campbell Jr., Bettington and Aspinall, Browne and Company were the most active, followed by Lamb, Mosman, De Mestre, M'Gaa, Cooper and Levey and Bunn. By the mid 1830s Bettington and Aspinall Browne and Company were showing less interest in the trade, while John Jones, the Wellers, J.H. Grose and Robert Duke were rising to importance. By the late 1830s, the most consistent shippers of oil from New Zealand and the South Seas were John Jones, Walker and Company and the Wellers followed by Donaldson, Duke, Grose, M'Gaa and Dacre. 44

Several of the early leaders in the whale fishery deserted the field in the second half of the 1830s. One reason was the high profits promised by pastoralism and land speculation, which induced merchants like Richard Jones and Bettington to give up most of their trading activities to concentrate on the management of their grazing properties. Additionally, like most speculative ventures, there were financial risks in whaling. In 1831 an anonymous letter in the Gazette referred to the withdrawal of several ships from New Zealand whaling because of losses. 45 Lamb lost heavily on early whaling ventures and Wright and Long, who were substantially involved in bay whaling, became insolvent in

45 Gazette, 15 December 1831.
1837. The Weller brothers were in financial difficulties well before their insolvency in 1842.\textsuperscript{46} It is likely that some such as Lamb, Robert Campbell Jr. and Aspinall, Browne and Company, who were early participants in bay whaling, found it financially precarious and decided to withdraw to avoid the expense and logistic problems associated with maintaining establishments in New Zealand. Like Donaldson, they then negotiated the purchase of oil from those who did maintain such establishments.

The interest of Sydney merchants in bay whaling was part of a wider participation in trade with New Zealand. The ships serving the whaling establishments also brought back flax, timber, pork and maize as well as oil and returned with whaling stores, manufactured goods and livestock.\textsuperscript{47} The growing importance of New Zealand as a source of raw materials and the increasing number of Europeans settling there, prompted some Sydney merchants and other colonists to undertake land speculation. In 1839 John Jones claimed he had bought twenty square miles from the Maoris for £500 and George Weller admitted that he and his brother bought 400,000 acres and thirty-six square miles respectively in the same manner. The largest claim to land in New Zealand was that of W.C. Wentworth and a Sydney syndicate which included John Jones, which claimed 20,000,000 acres in

\textsuperscript{46} G. Weller to E. Weller, 23 May 1835, 13 July 1837, 21 September 1839, Weller Correspondence, A1609.

\textsuperscript{47} Herald, Weekly Trade Lists; Nicholson, Shipping, Sydney 1826-1840, p. 48ff; Tapp, Early New Zealand, pp. 51-52.
purchase from the natives. Most of these claims were disallowed following annexation in 1841.48

The growth of the whaling industry was paralleled for a few years by the flax trade. The possibilities of obtaining flax from New Zealand had attracted Sydney merchants from the early days of settlement, but attempts to establish a regular trade had been unsuccessful, mainly due to the indolence of the natives who were not motivated to undertake the tedious task of collecting and dressing the flax.49 In 1819 Macquarie successfully petitioned the British government to reduce the duty on flax from the Australian colonies, so that it could compete with that from America.50 Bigge was impressed with the possibilities of growing flax in New South Wales and recommended that convicts be allocated to cultivate it at Emu Plains or at other government farms.51 The recommendation was followed up, but with indifferent results.

In 1822 a government vessel under Captain W.L. Edwardson was sent to New Zealand to investigate the potential of the


49 Hainsworth, Sydney Traders, pp. 192-195.

50 Macquarie to Bathurst, 22 March 1819, HRA, Vol. 10, pp. 63-64.

51 Bigge, Report on Agriculture and Trade, p. 53.
flax trade. Edwardson returned with a ton of flax, and was enthusiastic about the future of the trade. No further progress was made until the late 1820s, when the Sydney merchants offered muskets and gunpowder to the natives in exchange for flax. Their desire for firearms to prosecute the inter-tribal feuds overcame their indolence and a substantial trade developed. As with whale products, flax was re-exported to England without paying duty in Sydney. The growth and decline of the trade is apparent in the flax exports between 1828 and 1836, viz: (Table 29)

**TABLE 29**

<table>
<thead>
<tr>
<th>Year</th>
<th>Flax (tons)</th>
<th>Nominal Value (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1828</td>
<td>60</td>
<td>2,600</td>
</tr>
<tr>
<td>1829</td>
<td>270</td>
<td>7,231</td>
</tr>
<tr>
<td>1830</td>
<td>602</td>
<td>14,406</td>
</tr>
<tr>
<td>1831</td>
<td>752</td>
<td>16,376</td>
</tr>
<tr>
<td>1832</td>
<td>806</td>
<td>15,949</td>
</tr>
<tr>
<td>1834</td>
<td>369</td>
<td>5,568</td>
</tr>
<tr>
<td>1836</td>
<td>28</td>
<td>420</td>
</tr>
</tbody>
</table>

Between £40 and £50 per ton was received for colonial flax in London in 1829, but the price had fallen to about £25 by 1832. The cost to import the flax to Sydney was £10 to £12 per ton, freight to London was £6–6 per ton and insurance, handling costs and other expenses amounted to £4.

52 Babington, 'Australia's First Frontier', pp. 128-129.
53 H.M. Wright, New Zealand 1769-1840: Early Years of Western Contact, Harvard, 1959, pp. 77 and 84.
54 Returns of the Colony.
and £5 per ton. At the lower price there was little incentive for Sydney merchants to pursue the trade and it consequently declined. Other factors in the decline of flax exports were the resistance of British rope and canvas manufacturers to the hard and brittle nature of the New Zealand flax and lack of proper preparation by the natives who collected and dressed it. As presented to British manufacturers, New Zealand flax had never been all that was desired, but its condition deteriorated in the 1830s as the Maoris became less dependent on the firearms and manufactured goods that were bartered for it.

Although the British government was interested in ensuring that there were adequate supplies of flax within the Empire, the colonial government was instructed not to become involved in any speculative ventures to foster its production. This was so that the administration "does not render itself responsible for any losses incurred by individuals who may be induced to embark in it". In the 1830s about twenty Sydney merchants were importing flax from New Zealand, the largest amounts being secured by McLaren and Company, Richard Jones, Phillip Cavenagh, Hindson,

55 J. McLaren to Colonial Secretary, 7 September 1831, Governor's Despatches 1830-1831, A1267; H. Donnison to Colonial Secretary, 8 September 1831, ibid; Gazette, 21 July 1829 and 26 May, 1832.

56 Gazette, 4 February and 6 March 1832; W. Yate, An Account of New Zealand, Shannon, 1970, (First published 1835), p. 31.

57 Howick to Darling, 10 February 1831, HRA, Vol. 16, p. 76; Darling to Howick, 10 September 1831, ibid. pp. 351-352; Goderich to Bourke, 6 April 1832, ibid., p. 598.
Donnison and Company and Thomas Street. 58 Securing flax involved ships' captains or supercargoes bartering with the natives directly or through resident European intermediaries, when muskets and gunpowder as well as manufactured goods were exchanged for dressed flax. 59

A less significant import from New Zealand was timber, in the form of spars or pine planking. As already noted sealing vessels occasionally brought spars to Sydney, but in the late 1820s as contacts with New Zealand increased, timber began to be exploited on a planned basis. In 1827 Thomas Raine and Gordon Browne set up a timber, flax-gathering and shipbuilding establishment on the Hokianga River on the west coast of the North Island, where three vessels, the Enterprise (72 tons), the New Zealander (147) and the Sir George Murray (390) were built. 60 Imports of timber from New Zealand from 1830 to 1838 were as follows: (Table 30)

59 ibid.
About a dozen Sydney merchants speculated in the New Zealand timber trade, securing spars or pine planking. The most conspicuous were Dacre, Richard Jones, Bunn, the Wellers, Dawes and Gore and Aspinall Browne and Company. As can be seen from the value of imports, the trade was of minimal importance, but it was the cause of loss to a number of participants due to difficulties with the natives and the unreliability of European sawyers and carpenters. Apart from Lamb, Donaldson Sr. and Robert Brooks lost on Admiralty contracts for spars in the early 1830s. The trade was in such bad odour that ships for conveying timber could not be chartered under a freight charge of £8 per ton with half the expected freight paid as security.

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61 Returns of the Colony.
64 Dacre to Brooks 20 April 1832, Dacre Letter Book, Uncat. MSS 309.
The general import-export trade between New South Wales and New Zealand in the 1830s is shown in Table 31.

**TABLE 31**

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from NZ (£)</th>
<th>Exports to NZ (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1830</td>
<td>35,000</td>
<td>31,000</td>
</tr>
<tr>
<td>1835</td>
<td>35,542</td>
<td>39,984</td>
</tr>
<tr>
<td>1837</td>
<td>42,886</td>
<td>39,528</td>
</tr>
<tr>
<td>1839</td>
<td>71,709</td>
<td>95,173</td>
</tr>
</tbody>
</table>

The table excludes whale oil and whale bone and is not of particular significance, except that it indicates the level of mercantile exchange between what were essentially separate parts of the same colonial economic unit. Colonial products like salt provisions, coal, butter and cheese, together with re-exported spirits and manufactured goods (among which muskets figured prominently) were exported from Sydney, and flax, timber and pork received in exchange.

**The Wool Trade**

During the 1830s wool exports maintained approximately the same rate of growth as in the previous decade. But because other export staples, particularly whale oil, did not maintain the same rate of growth, the value of wool exports rose from around one third to three-quarters of the total exports to Britain. With this improvement in its overall position, wool took on a greater importance to

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65 Returns of the Colony.
merchants, who were the main exporters, as the quantity being produced and exported was not matched by a commensurate growth in the number of import-export merchants.

In the 1820s the quantities of wool exported by merchants had been relatively small. As noted earlier, the large well established producers exported their own wool to their agents in London. By the mid 1820s, merchants who had recently arrived were offering to purchase wool directly from growers. With the onset of the depression in 1827, growers were anxious to get advances on their clips, rather than wait a year or more between shearing and receiving payment. The continued influx of new graziers, often with limited capital and largely dependent on wool sales and stock increases to finance their operation, generated a growing demand for credit from merchants by way of advance and supplies.66

Table 32 shows the annual quantity and value of wool exported from Sydney between 1832 and 1840.

66 Gazette, (advertisements), 9 January 1823, 2 January 1826, 9 January 1826, 19 December 1828, 24 December 1828, 2 January 1829, 2 January 1830, 18 December 1830.
### TABLE 32

**WOOL EXPORTS FROM SYDNEY 1832-1840**

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity (lbs)</th>
<th>Value (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1832</td>
<td>1,525,156</td>
<td>73,559</td>
</tr>
<tr>
<td>1834</td>
<td>2,246,933</td>
<td>213,628</td>
</tr>
<tr>
<td>1836</td>
<td>3,693,241</td>
<td>369,324</td>
</tr>
<tr>
<td>1838</td>
<td>5,428,993</td>
<td>384,346</td>
</tr>
<tr>
<td>1840</td>
<td>7,668,960</td>
<td>498,210</td>
</tr>
</tbody>
</table>

**Note:** From 1838 the imports and exports at Port Phillip were listed separately in the Colonial Secretary's Returns.

London wool prices were moving upwards by 1832, when better quality wools realised one shilling and sixpence to two shillings and sixpence per lb. The upward movement reached its peak coinciding with the commercial boom in Britain. With the collapse of the boom, medium class wools which had sold for between two and three shillings per lb. in 1836 fell to one shilling and threepence to one shilling and tenpence in mid 1837. The price improved slightly in 1838 and 1839, but was back to one shilling and sixpence to one shilling and tenpence by 1841. The drop in London prices in early 1837, together with the withdrawal of funds from local banks by the colonial government to finance...
immigration, caused a micro crisis in the colony later in the year, with a drop in sheep prices.\textsuperscript{70}

As London prices rose in the early 1830s and graziers were tempted to send their wool direct to England, intense competition developed between merchants to secure wool consignments. Growers could demand high advances and the merchants who offered the best financial arrangements in terms of both advance and interest secured the most wool. While the general rate of colonial interest was between eight and fifteen percent and occasionally higher, some merchants charged between two and a half and five percent on advances. This rate could be offered only by merchants with access to British capital through their London affiliates. Leading importers of colonial wool, like Walker and Company, were able to advance a total of £100,000 "and many other houses £40,000 to £50,000" per season on wool. This competition to secure wool shipments at low interest rates, encouraged merchants to retain funds derived from the sale of consignments of manufactured goods sent by their British agents.\textsuperscript{71}

The growth of wool production in the 1830s brought few changes in the local trading and shipping of wool. In

\textsuperscript{70} \textit{Australian}, 19 September and 17 October 1837; J. Walker to W. Archer, 31 January 1837, Archer Family Papers, FM4/3660; Buchanan to Bowman, 16 June 1837, Macarthur Papers, A4273.

\textsuperscript{71} Dacre to Brooks, 24 January 1832, Dacre Letter Book, Uncat. MSS 309; Lamb to Buchanan, 7 November 1833, Lamb Letter Book, Uncat. MSS 310; Lamb to J. Robinson, 5 December 1832, \textit{ibid}.
September 1833 Samuel Lyons, the auctioneer, advertised a wool mart where auctions would be held twice per week and where provision was made for free storage pending sale. But there was little demand for this service and very few wool-only auctions were held. When Lyons retired from business temporarily in 1836, the auctioneers Simmons and Marks offered the same facilities with similar results. Evidently growers were well served by the existing arrangements. While London was still the main destination of colonial wool, by the mid 1830s about one-third of all wool shipped from Sydney went to Liverpool, closer to the midlands woollen manufacturers.

The bulk of colonial wool was shipped between the beginning of January and the end of March and the London sales were held between May and February. When the wool reached London the merchant to whom it was consigned transferred the bill of lading to a broker, of whom the most prominent were J.T. Sims and Company, Loughlan and Hughes and Marsh and Edenborough. The consignee and the broker decided whether the wool should be offered at the next sale or held over, depending on the current price and likely trends in the market. All wool consigned to London was auctioned at Garraway's Coffee House, Cornhill and was purchased by manufacturers. At the completion of the sale the consignee merchant deducted charges for shipping.


73 ibid., 15 June 1835, 27 June 1836; Gazette, 3 January 1833.
insurance, brokerage, warehousing and his own commission. These deductions generally totalled between fifteen and twenty-five percent of the auction price and the net return was credited to the Sydney consignor's account with the consignee. The colonists were kept abreast of London prices by regular bulletins on "prices current" sent by merchants such as Buckles, Donaldson, Buchanan and Brooks to their agents and the local press. These bulletins also frequently included critical comment and advice on the packaging and presentation of wool and other products.

In the mid 1830s there were over 100 British importers of colonial wool, three of whom took over 1,000 bales each and a further twenty-five who imported between 100 and 1,000 bales, while fifty percent took less than fifty bales annually. The wool was exported from a wide spectrum of colonial sources, from various minor speculators to shopkeepers and major retailers who accepted wool as payment for goods, to graziers and merchants. It was despatched in lots as small as one bale, but the overwhelming proportion was exported by import-export merchants to British merchants. The leading importers and their Sydney agents in the mid 1830s were: (Table 33)

74 Atkinson and Aveling (eds.), Australians 1838, p. 183; Wool Sale Invoices, Macarthur Papers, A4276, A4277.
75 Herald, 15 June 1835, 27 June 1836, 26 May 1842.
TABLE 33
LEADING IMPORTERS OF COLONIAL WOOL
AND THEIR SYDNEY AGENTS 1835/36

<table>
<thead>
<tr>
<th>Importers</th>
<th>Sydney Agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>J. Gore and Company</td>
<td>Dawes Gore and Company</td>
</tr>
<tr>
<td>Walker Brothers and Company</td>
<td>Walker and Company</td>
</tr>
<tr>
<td>Robert Brooks</td>
<td>Dacre and Wilks</td>
</tr>
<tr>
<td>Montefiore Brothers</td>
<td>Montefiore and Breillat</td>
</tr>
<tr>
<td>Donaldson and Company</td>
<td>Jones and Company</td>
</tr>
<tr>
<td>Buckles and Company</td>
<td>H.M. Bagster</td>
</tr>
<tr>
<td>Cockerell and Company</td>
<td>Campbell and Company</td>
</tr>
<tr>
<td>J. Bettington and Sons</td>
<td>J.B. Bettington</td>
</tr>
<tr>
<td>Aspinall and Company</td>
<td>Aspinall Browne and Company</td>
</tr>
</tbody>
</table>

How effective was the marketing of the major portion of colonial wool production by the merchants? In considering wool marketing largely from the point of view of the growers, Roberts and Barnard refer to a number of aspects which they claim operated against the interests of the latter. Specifically they state that growers were regularly paid lower than market prices, as their remoteness precluded them being aware of ruling prices in England, and also because "wool brokers" intercepted pastoralists with their wool clips before they reached Sydney and negotiated a price before they "could obtain the real facts of the market situation from others". 77

This seems to be a highly fanciful scenario and is not reflected in newspaper reports or surviving correspondence.

76 ibid., Advertisements offering advances and purchase of wool for dispatch to London agents.

of the period. While such bargaining may have occurred to a limited extent for the wool of smaller growers, most pastoralists either accepted an advance from established merchants, sold it directly to merchants or auctioned it, if they did not despatch it to their own English agents. It was highly unlikely that many pastoralists accompanied their wool on its necessarily slow progress to Sydney, although they could well arrange to be there when it arrived to negotiate sale or an advance. Lack of knowledge of price movement was also of little consequence as information from London was four to six months out of date when received in Sydney, and could change considerably in the further six or more months between shipment and sale. Roberts' further contention that as pastoralists had no representative organisation to safeguard their interests, the Sydney merchants "combined against the producers", is difficult to reconcile with the evident competition between merchants to secure wool shipments. This competition led some merchants, notably Montefiore Breillat and Company, to advance credit to pastoralists on unshorn wool, for which there was no legal sanction, in order to secure the clip. As banks did not in general lend on real property, pastoralists were dependent on merchants for credit.

78 Roberts, 'Wool Trade in the 'Forties' ', p. 364; Donaldson Jr. to Donaldson Sr., 28 October 1838, Donaldson Papers, MSS A728.

Lack of specialisation in wool dealing is also criticised by Roberts and Barnard, by which the marketing suffered from "laxity" and was "haphazard" and "disordered". Again these assertions are not borne out by contemporary records. In fact the industry was reactive to change as indicated by the move towards regular auctions of wool only and free storage. While there was some criticism of marketing as the pastoral boom reached its climax in 1840, in the early 1840s facilities were expanded for cleaning and sorting wool and for its transport from coastal ports to Sydney.

Roberts saw further disadvantage to the wool growers by the concentration of sales at Garraway's in London, claiming that "brokers simply waited until they had a sufficient number of bales and then dumped them at Garraway's without reference to the position of the market or manufacturing considerations." On the evidence of the correspondence of leading consignees of colonial wool in London such as Buchanan, Buckles and Bagster, Donaldson and Brooks, this was generally not the case. Despite the financial and communication difficulties that often arose between British and colonial merchants, the former were anxious to get the best price for their clients and kept them informed on market conditions and passed on advice about cleaning.

81 See Chapter 12.
82 Roberts, 'Wool Trade in the 'Forties', p. 365.
packing and preservation. Also as most of the London and Liverpool consignees had family and financial ties with local merchants, there was every inducement to be concerned for the marketing of colonial produce. Additionally there was intense competition among London merchants for colonial business, so that they could not afford to neglect client's interests. 83

The general causes of frustration between British and colonial merchants have already been discussed. Of these the greatest mutual dissatisfaction was generated by the wool trade. From the point of view of the British merchants it resulted in a high proportion of their funds being tied up in the colony with no certainty of recovery, while the colonial merchants often regarded it as burdensome and thankless. The attitude of the London merchants was put by Charles Gore—

the whole of the (London) merchants complain that their consignees here have been far too liberal to the settlers, in advancing upon their produce money to a larger amount than would be done in any other country. They take up wool as a remittance, give the supposed market value of it in London, and if any depression should occur on its arrival in the market, the London merchants become the sufferers 84

Young Donaldson stated his feelings in the following words:

83 Buchanan to Bowman, 19 June 1834, Macarthur Papers, A4270; Brooks to J. Cain, 10 May 1841, Brooks and Company Records, FM4/2348.

the claims upon me by the settlers for money during the year against their wool are much more heavy than you have any idea of and these must be met or else the settlers leave us and go to those who can accommodate them.

Again, despite his self confidence and pride, Donaldson Jr. confided to his brother George

God grant I could get out of it (consigning to England) - or persuade myself they (Donaldson and Lambert) could do without it. It is the most irksome trying business in the world to conduct.

Gore's assertion that "the whole of the (London) merchants" complained of their capital being misused was an exaggeration. There were exceptions such as C.W. Roemer and Salting and Garrard, who were careful not to incur large debts in their dealings with Frederick Huth and Company. But it was true of the four largest importers of colonial wool, Gore and Company, Robert Brooks, Montefiore Brothers and Donaldson and Company, who all suffered financial difficulty - in the case of Montefiore Brothers temporary insolvency - because of wool and other dealings by their colonial agents. On the other hand, Walker and Company did not have this problem. Beside having extensive pastoral properties of their own, they made ample funds available specifically for wool advances or purchases, independently

85 Donaldson Jr. to Donaldson and Lambert, 22 August 1839, Donaldson Papers, MSS A728.
86 Donaldson Jr. to G. Donaldson, 22 January 1841, ibid.
of other operations. Other London merchants, less conversant with conditions in the colony, expected wool consignments, but were not prepared to authorise the high advances necessary to secure them. The local merchants, who could make little or no profit from wool consignments (apart from their own clips) were forced to compete for wool in order to ensure their British counterparts supplied them with shipments of manufactured goods in return.

If their funds were used exclusively for wool advances or purchase, British merchants could make a profit. A firm like Walker and Company, charging up to five percent on advances, would make a reasonable profit by British standards. On the other hand, Donaldson and Company, charging young Donaldson only two and a half percent on money actually advanced on wool, irrespective of what interest he charged the graziers, were in a more precarious position. The colonial merchant could also charge commission for handling the wool consignments, but this was small compensation for mounting London debt. His real profit in trade with Britain came from the sale of manufactured goods which, until the early 1840s, greatly exceeded exports in value, and from speculative Eastern trading.

The expansion in wool production during the 1830s constituted a challenge to the merchants as financiers to

88 Donaldson Jr. to Donaldson Sr., 22 December 1840, Donaldson Papers, A728.
the graziers and in the highly competitive nature of the wool trade. The difficulties which developed over retention of funds for securing wool consignments was to have unfortunate outcomes for some colonial and British merchants in the depression of the early 1840s. However, as graziers barely covered the costs of production from the sale of wool and depended mainly on stock sales to make a profit from their holdings, the merchants were instrumental in sustaining the viability of the industry by providing relatively low rates of interest on advances. 89

Through their control of the wool trade and the whaling industry, the import-export merchants confirmed their dominant place in colonial commerce in the 1830s. However, the capital required to sustain the competitive level of wool purchases and advances, as well as the hazards of whaling and the demands of land and stock speculation, required outlays exceeding what was available from the retention of the funds of their English agents. Many of the merchants therefore became indebted to the local banks at colonial rates of interest. The ease with which this credit could be obtained as the speculative boom of the late 1830s gathered momentum led them to accumulate an excessive amount of bank debt. This was to cause a spate of bankruptcies in 1843.

89 See Chapter 12, p. 339.
CHAPTER 9
COMPANY FORMATION 1831-1841

The rising tide of commercial activity in New South Wales in the 1830s created a demand for additional banking, insurance and shipping facilities. To satisfy this demand, the merchants were active in the establishment of a number of joint stock companies. As boom conditions emerged in the later years of the decade, the formation of such companies, like land and stock dealings, became highly speculative and exceeded what was necessary to service a realistic level of commercial development.

All the joint stock companies of the 1820s and 1830s were unincorporated. They were essentially large partnerships with shares that could be transferred. Unlike chartered companies, an unincorporated company could not be given limited liability, so that the shareholders were fully responsible for the company's debts. Such companies were set up under a Deed of Settlement between the shareholders and a trustee or trustees. No act was required to establish the company, but in general a private act of the Legislative Council was passed enabling them to sue and be sued in the name of a specified officer of the company.¹

As pointed out by Abbott in quoting Keynes, there was a considerable element of risk in investing in joint stock companies, particularly in times of commercial expansion as occurred in the colony in the latter half of the 1830s.² Returns to investors were initially high, so creating a climate for proliferation of companies to an extent that could only result in the creation of more than could successfully operate at the existing stage of colonial development. As might be expected, merchants were prominent among the initiators and the directors of many of the companies.

Before 1830 only two joint stock companies had been formed in New South Wales - the Bank of New South Wales in 1817 and the Bank of Australia in 1826. In the mid 1830s six of the twelve members of the board of the Bank of New South Wales and five of the eleven members of that of the Bank of Australia were merchants.³ Both banks flourished in the early years of the decade. Loans by the Bank of New South Wales totalled around £36,000 in 1830 and £220,000 in 1836, while those of the Bank of Australia rose from about £60,000 to £200,000 in the same period. As they were both paying dividends of seven to eight percent per half year there was interest in forming additional banks.⁴ Hence the

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³ New South Wales Calendar and General Post Office Directory 1836.
⁴ Butlin, Australian Monetary System, pp. 227-228; Spark Diary, p. 65;
Commercial Banking Company of Sydney was formed in 1834 with a nominal capital of £300,000 in £100 shares. Five of its twelve directors were merchants.\(^5\) This was closely followed by the establishment of the Bathurst Bank in 1835, which was controlled entirely by pastoralists. Two Anglo-Australian banks also appeared in the 1830s, the Bank of Australasia (1835) and the Union Bank of Australia (1839). Both were incorporated in London and opened branches in all Australian colonies. Each bank had five local directors and in 1841 three of the Sydney directors of the Bank of Australasia and all five of those of the Union Bank were merchants.

For a colony so dependent on sea transport the availability of marine insurance was vital. This had been provided by local agents of British companies for coastal and South Seas voyages. Consignments of colonial goods to England were generally insured by the firm to whom the goods were consigned on open policies.\(^6\) In 1828 the \textit{Gazette} announced that a local insurance company was to be established with a capital of £20,000.\(^7\) This did not eventuate, but in 1831 the Australian Marine Assurance Company was formed with a nominal capital of £140,000. W.C. Wentworth and Robert Wardell were its only non mercantile directors. By 1836 the company was paying a healthy nine

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\(^6\) Insurance for ships' cargoes is referred to frequently in the Buchanan-Lamb Correspondence, Brown and Company Papers and Brooks Papers.

\(^7\) \textit{Gazette}, 21 July 1828.
percent half yearly dividend.\(^8\) This encouraged further incursions into the insurance field with the founding of the Union Assurance Company of Sydney in December 1835 with a capital of £250,000 in £50 shares. Of the twenty-eight provisional directors twelve were merchants. The company got off to a good start, effecting £90,000 worth of ship and cargo insurance in the first six months.\(^9\)

The formation of the Union Company was followed immediately by that of the Australian Fire and Life Assurance Company in January 1836. Life assurance had been available for some years through local agents of English companies. Robert Howe had been agent for the Eagle British and Colonial Life Assurance Company. George Bunn had been agent for the British General Life Assurance Company. The local company's initial capital of £100,000 was increased to £200,000 in July 1836. Five of its twelve directors were leading merchants.\(^10\)

The colony's dependence on sea trade also resulted in an early interest in steam navigation. The first steam ship in the colony was the *Surprise* of forty tons, built at Neutral Bay and launched in March 1831.\(^11\) The vessel had a ten horse power engine and ran between Sydney and Parramatta for

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8 *Spark Diary*, p. 55.
9 *Herald*, 17 December 1835, 7 January and 14 July 1836.
10 *ibid.*, 14 January 1836; *Gazette*, 10 February 1827, 15 October 1828, 25 July 1833.
11 *Australian*, 1 April 1831.
a few months before sailing to Hobart to operate in the Derwent estuary. The **Sophia Jane** arrived in Sydney from England in May 1831 under the command of the owner Lieutenant Edward Biddulph RN. She was a 250 ton ship with a fifty horse power engine and carried on a regular service between Sydney and Newcastle for some years. In October the same year the **William the Fourth** was launched. Built by Marshall and Lowe on the Williams River for the Sydney merchant J.H. Grose, she was also engaged on the Sydney-Newcastle run. The third steamer to sail regularly between Sydney and Newcastle was the **Tamar**, which arrived from England via Hobart and commenced her coastal career in December 1834 under the ownership of the merchant J.T. Wilson.  

The potential of steamships as a relatively reliable and regular method of transport between Sydney and Parramatta and Sydney and Newcastle prompted the formation of two companies, the Australian Steam Conveyance Company and the Hunter's River Steam Packet Company, both in 1833. The former started with a capital of £2,000 in £5 shares and undertook to build a vessel for the Parramatta service. The vessel, named the **Australia**, was built by John Russell on the Williams River and the engines were manufactured locally by Edward Biddulph. A number of quarterly reports were published during the building of the **Australia** and its engines, illustrating the usual problems with such companies.

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of securing capital payments from subscribers to meet commitments. There were six merchants on the twenty-one member provisional board of the company which had a short career, having to sell the *Australia* in 1836 after a minor accident, because there were insufficient funds to meet litigation expenses. The vessel was purchased by the company secretary, J.T. Wilson, and continued the service on the Parramatta River.

The Hunter's River Steam Packet Company originated from a meeting in A.B. Spark's office in June 1833, when it was decided to build a steamship of around 200 tons and commission two forty horse power engines from England. Again the vessel was built by Lower on the Williams River and named the *Ceres*. The capital was £10,000 in £25 shares. Three merchants were appointed to the seven man committee to overlook the building of the ship. This company was also short-lived, as the *Ceres* was wrecked in August 1836 and the company was wound up.

Following the inauguration of the Hunter River Company it was almost a matter of course that efforts would be made to extend steam navigation to trade with Van Diemen's Land and a preliminary meeting of the Australian and Tasmanian

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13 Gazette, 11 April, 20 and 22 June and 24 October 1833; Herald, 6 February, 28 April and 21 July 1834.
14 ibid., 14 July 1836.
15 ibid., 6 June 1833.
16 ibid., 3 October 1836.
Steam Navigation Company was held in February 1836. It was intended to sell shares in Van Diemen's Land as well as New South Wales, but the Van Diemen's Land shares were not taken up, while those for New South Wales were oversubscribed. It was proposed to call tenders for a 400 ton ship, but nothing further eventuated. 17

Another attempt at company formation which did not materialise was the proposal for the New South Wales Land and Immigration Company. A provisional committee of twelve, including eight merchants with pastoral interests was elected at a meeting in Richard Jones' house in January 1836. 18 The object of the company was to purchase land beyond the limits of location for not more than the minimum value of five shillings per acre and use the proceeds to bring out "respectable and industrious families and individuals of the agricultural classes of society" and to sell the land to settlers in instalments. 19 The nominal capital was to be £250,000 in £50 shares, half the shares to be reserved for capitalists in London. The proposal caused considerable public protest. The cry of monopoly was raised by the Herald and the Gazette on the grounds that the real object was to buy up land cheaply and sell it dearly, while bringing out migrants to the value of the original cost. 20 The Herald noted that it was modelled on the Canadian

17 ibid., 18 February and 10 March 1836.
18 ibid., 25 January 1836.
19 ibid.
20 ibid., 4 February 1836; Gazette, 11 February 1836.
company which "had been converted into a source of profit to London land-jobbing gamblers". John Dunmore Lang was the most ardent supporter of the scheme, seeing it as a vehicle for promoting his dream of settling less affluent migrants on the land. The gap between Lang's idealistic objectives and the desire on the part of the prospective investors for profits and shepherds for their flocks, as well as public objections to the project led to its collapse. In mid March the Gazette commented that "the land company is pretty well knocked on the head". 21

A company about which very little information can be gleaned is the Australian Flour Company. It was launched in October 1834 with a nominal capital of £10,000 in £5 shares obviously with the intention of attracting small investors. The prospectus proclaimed that the company was being formed to break a monopoly of some half dozen millers in the supply of flour and the maintenance of an artificially high price for bread. There had been claims from time to time over the years of millers keeping the price of grain to farmers artificially low by buying it before it reached the market. It was also thought that with the increasing grain imports the large millers like Hughes and Hosking and Barker and Hallen were controlling local prices. The company seems to have had a very limited life, and intermittent grain

21 ibid., 15 March 1836; Colonist, 4 February 1836; Abbott. 'Joint Stock Companies in Sydney', p. 9ff.
shortages and high imports continued to be a feature of the period.22

The most ambitious commercial enterprise commenced in the period was the Australian Gas Light Company.23 Street lighting was slow to develop in Sydney and it was not until 1833 that a hundred oil lamps were provided for public illumination. By 1835 Wilson's Wharf at Darling Harbour was lit by gas produced by local engineers. This enterprise, which attracted public interest, together with the general impetus for capital investment, resulted in preliminary meetings in 1836 to form a gas company. A board of fifteen members was elected in June, the only leading merchant being A.B. Spark. The company's shares were £5 each and it was estimated that £20,000 would be required to purchase the plant from England and install the pipework to light 500 buildings and 300 street lamps. Such a relatively large scale undertaking required the approval of the Legislative Council, which was not obtained until 1837. Another year passed before the act received royal assent. The first lights supplied with gas by the company were lit in May 1841.

There was a lull in company formation in 1837, probably due to the temporary recession in the latter part of the year, and only the Royal Exchange Company was formed in 1838.22

22 Herald, 9 October 1834, 1 January and 12 February 1835.
which merchants naturally figured prominently. The Chamber of Commerce established in 1826 in response to the liquidity crisis seems to have had only nominal existence after 1827 and disappeared in the early 1830s. It is not certain why the Chamber declined, but it must be assumed that once the liquidity crisis was over there were not enough mutual concerns to induce merchants to maintain it. The next move to form a commercial exchange was made in January 1836 at a private meeting of "merchants and others" presided over by A.B. Spark. It was decided to form a Royal Exchange Company and to ask the Governor for a grant of land for a suitable building. Plans and cost estimates were drawn up and an allotment granted. In mid 1837 the Royal Exchange Company with a capital of £20,000 in £20 shares was formed and quickly fully subscribed. Further progress was delayed by a change in the location of the proposed building and the necessity for new plans, so that the foundation stone was not laid until February 1840. The Company was plagued by dissension and the only merchants remaining on its eleven member Board of Management in 1841 were Spark, H.M. Bagster, Hallen and Edye Manning.

The profitability of the three existing insurance companies encouraged further speculation in this area and

24 Gazette, 2 September 1826, 1 August 1827, 15 December 1831.

25 Spark Diary, p. 54.

26 ibid., p. 79; Abbott, 'Joint Stock Companies in Sydney', pp. 15-17; Herald, 11 September 1837; See also Chapter 10.
led to the formation of the Sydney Alliance Marine, Fire and Life Assurance Company in December 1838. In 1839 the local insurance capacity was expanded further. In January the Union Marine Insurance Company reported that its profits would enable it to double its capital and pay a bonus of ten shillings per share, representing a dividend of twenty percent. In the same month the shareholders of the Australian Marine Assurance Company "resolved to add £7,000 to the capital from profits, being the third time that the original capital has been doubled, and also to divide eight percent for the half year from the discounts".

In 1839 joint stock formation reached boom proportions, with steam navigation generating the greatest interest. In June the Illawarra Steam Packet Company was formed to operate a service between Wollongong and the Hunter with the Maitland. Almost at the same time the Brisbane Water Steam Packet Company was proposed, but before it commenced operations joined with the Illawarra Company to form the General Steam Navigation Company which ran the William the Fourth from Sydney to Wollongong and the Maitland from Sydney to Morpeth on the Hunter. In December the company


28 Spark Diary, p. 102.

29 ibid. All insurance companies used their funds to discount bills of exchange.

30 Herald, 7 and 12 June 1839.

31 ibid., 24 July, 14 August and 2 September 1839.
purchased the *Sophia Jane* and the *Tamar* from the estate of J.T. Wilson, but as Wilson did not have a clear title his creditors issued an attachment on them. Lengthy repairs to three of its steamers reduced the revenue of the company in 1840 and this, combined with competition from the rival Hunter's River Steam Navigation Company caused it to be wound up at the end of 1841.32

The Hunter River Steam Navigation Company was proposed in August 1839, with a capital of £40,000 in £10 shares. It was intended to purchase the steamer *Victoria*, currently being built on the Hunter and have a further two steamers built in Britain. There was some opposition from Spark and J.H. Grose who had an interest in steamers under construction for the Newcastle run. However, by 1841 the Company had three steamers, the *Victoria*, *Rose* and *Thistle* operating between Sydney and Newcastle and went on to survive the depression. Three of the six directors were merchants.33

Towards the end of 1839 proposals for a new bank to be called the Sydney Banking Company were published. It was to have a capital of £1,000,000 in £20 shares. Six of its thirty-six member provisional committee were merchants. By early December it was announced that all shares had been


33 *Herald*, 9 August 1839; Portus, 'Early Australian Steamers', pp. 198-199.
taken up and that investors were selling their shares in older banks at a premium to buy the new shares.\textsuperscript{34}

The last company formed during the year was the Australian Auction Company. It was launched at a meeting of merchants on 17 December, hopefully to restore public confidence in auctioneering following the defection of J.T. Wilson. The capital of the Company was £100,000 in £20 shares and all the directors were merchants or auctioneers.\textsuperscript{35} The Company was active for only ten months to October 1840, when the directors suspended the general manager, Alexander Young, for irresponsible conduct in granting excessive credit. A meeting on 15 March 1841 showed the company heavily in debt, but as it could not sue or be sued, there was little hope of recovering outstanding debts. Activities were restricted under supervision of the directors and the Governor was requested to institute a bill through the Council for the company to sue and be sued in the hope of recovering £35,000 of outstanding accounts.\textsuperscript{36} Gipps agreed on the understanding that the Company would be wound up. The shareholders were called on for instalments of £2-10 in March and £3 in December 1841. Several banks gave the Company "liberal assistance", presumably through the efforts of the directors, many of whom were also bank

\textsuperscript{34} \textit{Herald}, 11, 20, 29 November 1839, 4 and 9 December 1839; Butlin, \textit{Australian Monetary System}, pp. 277-278.


\textsuperscript{36} \textit{ibid.}, 6 May 1841.
During the next three years the Company struggled to recover debts and pay off creditors. At a meeting in December 1844 it was agreed that as its debts were almost liquidated, the Company could be wound up.  

There had always been misgivings about the Auction Company. At its formation the Attorney-General thought that it would "interfere with private enterprise and was otherwise unnecessary and improper" and the Herald also questioned the necessity for such a company which might monopolise the auction business. It was thought that a Chamber of Commerce should be formed which could establish rules for conduct for auctioneers. This would be a better solution to the problem of dishonest practitioners like J.T. Wilson. Young, the manager, was inexperienced and in his defence claimed that he was following the spirit of the times in allowing substantial credit. The directors themselves admitted responsibility for not exercising more supervision over the company's activities.

The apparent early success of the Australian Auction Company encouraged similar ventures in the Melbourne Auction Company, the Hunter River Auction Company and the Maitland

37 ibid., 13 March and 15 December 1841.
40 ibid., 16 March and 25 May 1841.
Auction Company. The Hunter River Auction Company flourished initially and reportedly paid a twenty percent dividend at the end of its first year. The Herald reported that the company was selling on long credit and that the shareholders were "buying and selling of and from one another" and in May 1841 a meeting was called to wind up its affairs, ostensibly because the "envisaged cattle market cannot be obtained". Although it ceased to operate the company was not finally wound up until January 1844. Nothing is known of the Maitland company apart from an advertisement that its deed of settlement was ready for signature.

The impetus for the formation of joint stock companies continued in 1840, with steam navigation continuing to dominate the imagination of speculators. In January a meeting was held to form the New South Wales Steam Navigation Company to run steamers to Port Phillip and eventually to New Zealand. The capital was £50,000 in £50 shares, of which two hundred were taken up immediately. No more was heard of this company, the shareholders of which were probably absorbed into the Australasian Steam Navigation Company formed to conduct trade between the ports of the Australian colonies. Capital was to be £250,000 in

41 ibid., 26 March 1841.
42 ibid., 16 March, 12 May and 21 December 1841, 18 January 1844.
43 ibid., 7 February 1840.
44 ibid., 24 January 1840.
£50 shares, half to be raised in England and half in the colonies. The company was seen as a successor to the still-born Australian Steam Navigation Association of 1838 and the prospectus listed a provisional committee of sixteen of which twelve were leading Sydney merchants, as well as the names of thirty-five shareholders of ten to twenty shares. It was stated that "six large sea steam boats of 180 HP are to be sent for to be laid on for New Zealand, Hobart Town, Launceston and Port Phillip". A London committee was nominated from among the most prominent merchants engaged in the Australian trade. At a meeting of shareholders in August 1840, it was announced that 1,500 shares had been allocated and £2,000 paid up. However, the depressed commercial conditions in 1841 and the fact that Thomas Walker, Icely and Robert Campbell tertius, who had been given the job of rallying support in London, had not been successful, led to the dissolution of the company in 1841.

Not to be outdone by Sydney steam entrepreneurs, in mid 1840 Hunter River capitalists proposed the Maitland and Newcastle Steam Navigation Company to engage in communication between Sydney and Newcastle and to run small steam boats on the river. The capital was to be £40,000 in £20 shares. In July tenders were called for the steamers, successful tenders for the engines were announced in August, directors were appointed in September and a second

45 ibid., 26 February 1840.
46 ibid., 2 March 1840.
47 ibid., 3 and 8 August and 4 September 1841.
instalment on shares was called in November as construction of the ships had commenced. As no further reference to this company was published, it apparently did not survive the first years of the depression.

Between December 1839 and late 1841 there were frequent press advertisements for meetings of the Paterson's River Steam Boat Company. It was apparently formed some time in 1839, and in September 1840 tenders were called for a river boat and suitable engines. There were also a number of calls for the payment of instalments on shares, but no information on its scale of activities, if any, can be found.

Another company which suffered blighted prospects was the Sydney Ferry Company. In 1838 there had been a short-lived proposal for a steam ferry to ply between Dawe's Point and Milson's Point under the auspices of the North and South Shore Steam Bridge Company. The idea was sponsored again in 1840 by Robert Brindley, who had some knowledge of the steam ferries operating in the west of England. The proposal involved a pair of iron chains laid across the harbour and a steam propelled ferry which hauled itself back and forth via the chains. The Steam Bridge Company was

48 *ibid.*, 11 May, 13 July and 4 November 1840.
49 *ibid.*, 25 December 1839, 11 September 1840, 19 January, 22 March and 4 August 1841.
50 *Commercial Journal*, 17 February 1838.
51 *Herald*, 6 January 1840.
formed early in 1840, with Brindley as secretary and James Barker, Alexander Berry, Archibald Mosman and Edward Haslingden among its twelve directors. The capital was £10,000 in £10 shares. Tenders were called for plans and specifications for the installation in February and for a steam ferry in April.\textsuperscript{52} By October the keel of the ferry had been laid and specifications for the machinery sent to England. By late 1841, the Sydney Ferry Company, as it was now called, reported the launching of the ferry and the arrival of the engines.\textsuperscript{53} Despite difficulties in persuading shareholders to pay instalments on their shares, the ferry finally commenced operating in February 1843. Although it suffered a collision on the second day of operations and had an early breakdown, it ran daily during most of 1843. But the ferry lost money, ostensibly because it could not run from Dawe's Point due to the strong current and it ceased operation on 31 December, after which the company was wound up.\textsuperscript{54}

The continuing high dividends being paid by local insurance companies encouraged another incursion into this field with the formation of the Mutual Fire Insurance Association in May 1840. There were ten merchants on its eighteen-member provisional board.\textsuperscript{55} This was closely

\begin{itemize}
\item[52] \textit{ibid.}, 25 February and 20 April 1840.
\item[53] \textit{ibid.}, 3 October 1840, 6 and 11 November 1841.
\item[54] \textit{SMH}, 14 July and 22 September 1842, 8 and 10 February, 24 August, 28 November and 4 December 1843.
\item[55] \textit{Herald}, 1 May 1840.
\end{itemize}
followed by the Australian Mining Company, promoted in July 1840 with a nominal capital of £100,000 in £20 shares, with the object of mining coal in the vicinity of Sydney. Its provisional committee contained four merchants. There was an expectation of finding a workable seam at Concord, but subscribers were slow in paying their deposit of ten shillings per share and with the onset of the depression nothing more was heard of the company. 56

The boom conditions of the late 1830s, where the scope for investment seemed limitless, induced British capitalists, including merchants engaged in the Australian trade, to form three mortgage companies and one insurance company which all commenced business in 1841. Two of them, the Scottish Australian Investment Company and the British Colonial Bank and Loan Company had no local directors. The Australian Trust Company had three merchants, Thomas Barker, Richard Jones and John Lamb on its local board, while Thomas Breillat and Thomas Walker were on the local board of the Australasian Colonial and General Life Assurance Company. Half the London board of the latter company comprised the merchants J.E. Lyall, C. Mangles, J.B. Montefiore, W. Walker and H. Buckle, who were involved in trade with the colonies. 57

56 Herald, 10 July and 5 September 1840; Kolsen, 'Company Formation in New South Wales', p. 16.
57 Tegg's Pocket Almanac and Remembrancer, 1842; Herald, 18 and 23 January and 7 August 1841; Butlin, Australian Monetary System, p. 309ff.
The merchant directors of the extant Sydney-based joint stock companies in 1841 are shown in Appendix 1. At the onset of the depression in excess of thirty import-export merchants were each directors of two or three companies. Richard Jones, De Mestre and Edye Manning each had four directorships and Spark had six. 58

The rush to form so many joint stock companies in such a short time grew out of - and in turn fuelled - the economic boom of the late 1830s. They were formed with a minimum amount of paid up capital and with the onset of the depression in 1841, investors were often unwilling or unable to respond to calls for additional funds. The merchants most active in initiating and investing in the companies such as A.B. Spark, John Lamb, Thomas Walker, Edye Manning, Richard Jones and John Lord, were among the leading respectability of the colony. As well as substantial merchants, they were all landholders on a large scale and were all Justices of the Peace. In the relatively small commercial community of Sydney it was not difficult for a coterie of leading merchants to support each other in gaining directorships, particularly as many of the companies were concerned with banking, insurance and transport, areas of business activity in which they were all interested.

58 Kolsen, 'Company Formation in New South Wales', p. 19. At various times in the 1830s and early 1840s Spark was on the provisional committee or a director of eleven companies, while John Lamb was similarly involved in eight. Some of these companies never commenced operations.
Specific reasons for the outburst of company formation in the 1830s are implicit in the commercial and economic climate generated by the expansion in population and trade and, in the late years of the decade, the boom in property and stock prices. Also encouraging speculation was the generally broadening horizons following the establishment of settlements at Port Phillip and in South Australia, which raised demands on the older colonies for stock, provisions and building materials and stimulated investment in land. These factors were accentuated by the high rate of interest on capital, particularly in insurance and banking and the expectation of similar profits from steam navigation. The accompanying easy availability of credit helped to sustain a vision of ever-increasing profits which exercised a hallucinatory effect, which in similar circumstances has frequently been described as 'mania'. The sheep-buying spree in the colony in 1826 was so described by Lang, as was the short-lived outburst of railway and bank investment which contributed to the boom in Britain in 1835/36. Such situations are characterised by a "rise in profit expectation and a weakening of normal standards of business caution". This stage was reached in New South Wales in 1839 and 1840 when a total of fifteen companies were floated. 59

During the 1830s the colonial economy advanced considerably in diversification and sophistication. The merchants assumed an increasingly responsible role in supplying credit to the rapidly expanding pastoral industry

59 Matthews, Study in Trade Cycle History, p. 207.
and providing most of the capital for whaling ventures. Their investments in joint stock companies, shipping, land and stock contributed to the feverish tempo of speculation in the last years of the decade, which was greatly in excess of what could be long sustained in the existing stage of colonial development.
CHAPTER 10

DEPRESSION 1841 - 1844

The financial boom that developed in 1839 and 1840 in New South Wales, Van Diemen's Land and the Port Phillip District, where opportunities for investment seemed to offer almost unlimited wealth for those with access to credit, had psychological overtones of euphoria which fed on itself and neutralised normal business sensibility. In the transition from boom to depression those who had indulged in excessive speculation found themselves in a threatening reality where they could hardly believe that they ever entered on the wild economic adventures of the recent past. A natural result of the financial collapse was a spate of insolvencies.

While there are sufficient statistics available such as prices, trade figures and insolvencies, to delineate the economic distress suffered by the commercial, farming and grazing communities as a whole, little detailed analysis has been undertaken to determine the relative effects of the depression on specific sections of the colonial population. As far as the merchants involved in seaborne trade were concerned, even a cursory examination of the statistics of insolvency suggests that there were severe casualties among their ranks.

The general causes and progress of the depression of early 1840s in New South Wales have been outlined by S.J. Mathews, *Study in Trade Cycle History*, p. 207.
Butlin. He isolates a number of contributing factors, the principal of which was a slowing down in expansion in the wool industry as grazing spread towards the limits of available grazing land. This resulted in a slump in land and stock sales and a contraction of credit. The rural situation was aggravated by the drought of 1838-1840, which sent wheat prices to unprecedented values. As the recession developed and was recognised in Britain there was a slowing in capital inflow, which did not affect the colony until the slump was well underway.\(^2\) Butlin's contention that there was a slackening in physical expansion has been challenged by Dyster, who points out that population in the squatting districts doubled between 1841 and 1846 as did the amount of wool exported from the whole colony (including Port Phillip).\(^3\)

Fitzpatrick cites the fall in export prices, the minor economic crisis in Britain in 1839, the drought and the withdrawal of accumulated land funds for immigration in 1840-41. He emphasises a sharp failure of capital to support the pastoral expansion after 1839.\(^4\) In claiming that no new British capitalised ventures occurred after 1839, Fitzpatrick ignores the establishment of the Scottish Australian Investment Company, the British Colonial Bank and

\(^2\) Butlin, *Australian Monetary System*, pp. 315-327.


Loan Company, the Australasian Colonial and General Life Assurance and Annuity Company and the Australian Trust Company in 1841. In a recent analysis of the causes of the depression, Philip McMichael has also discounted Butlin's theory of the slowing down of pastoral expansion. He opts for a combination of Fitzpatrick's claim of a suspension of capital flow from 1839 and the scarcity and expense of labour following the cessation of transportation, which discouraged investment in wool growing. 5

Local opinion designated various combinations of a range of circumstances as contributing to the recession. Among these were the speculative boom resulting from the large inflow of British capital during the 1830s and the resulting availability of excessive credit; the high cost of labour due to the cessation of transportation; the expenditure on high rates of immigration; the fall in the price of wool and the drought. 6

No doubt many factors contributed to the onset of the depression in 1841 and it is likely that historians will continue to differ over their relative importance. However, the boom was an example of the cyclic nature of colonial economic development and of capitalist economies in general.


6 Votes and Proceedings, 1843, Evidence of Hart, McLaren, Wentworth and others before the Committee on Monetary Confusion.
The upward movement could not continue indefinitely and typically collapsed when a combination of circumstances led to a crisis of confidence, followed by a fall in prices and a contraction in credit. The colonial economic cycle between 1820 and 1850 as defined by R.M. Hartwell, embraces the following sequence of events: 7

(i) capital imports, and high prices for wool;
(ii) expanding money income in the colony, and an inflow of specie;
(iii) expanding bank credit, and increased purchases of British goods;
(iv) fall in capital imports and in the price of wool, reduced money income, and outflow of specie;
(v) contracting bank credit, and decreased purchases of British goods.

The above sequence refers specifically to Van Diemen's Land, but an added inflationary factor in New South Wales was the high rate of speculation in land and stock. Because merchants were conspicuous in pastoral and property speculations, it is not surprising that they were among the most severely affected by the depression.

Although land sales continued at a record level in 1840, difficulties appeared in the commercial sphere. From the early months of the year the number of auction sales of imported goods increased markedly. By mid year up to two pages of the four page Herald were occupied with auction advertisements, mainly for land and merchandise, so that editorial material had frequently to be included in

7 Hartwell, Economic Development of Van Diemen's Land, p. 189.
supplements. The extent of auction sales of goods subject to duty, excluding land and stock, in the preceding and succeeding years is evident in Table 34.

TABLE 34
RETURNS FROM AUCTION OF GOODS SUBJECT TO DUTY 1838–1844

<table>
<thead>
<tr>
<th>YEAR</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1838</td>
<td>409,166</td>
</tr>
<tr>
<td>1839</td>
<td>513,388</td>
</tr>
<tr>
<td>1840</td>
<td>1,246,742</td>
</tr>
<tr>
<td>1841</td>
<td>963,696</td>
</tr>
<tr>
<td>1842</td>
<td>686,088</td>
</tr>
<tr>
<td>1843</td>
<td>454,565</td>
</tr>
<tr>
<td>1844</td>
<td>310,831</td>
</tr>
</tbody>
</table>

The doubling of the value of auction sales in 1840 reflects both the substantial increase in value of goods imported into New South Wales, including Port Phillip, from Britain (from £1,251,969 in 1839 to £2,200,305 in 1840), and the difficulty being encountered in selling imported goods by the normal methods of trade.

The first sign of a crisis in commercial affairs appeared in late 1840. In October the millers Dodds, Blackett, Airds and Company failed, to be closely followed by Barker and Hallen. In December François Girard's mills at Darling Harbour were taken over as a co-operative by the Sydney Flour Company, with Thomas Breillat, De Mestre and

8 SMH, 22 March, 8 and 10 April 1841. In the early months of 1841 whole cargoes of imported goods were sold by auction.
9 Votes and Proceedings, 1845, p. 413.
Thomas Gore as trustees. The millers encountered difficulties because the acute shortage of grain and high prices in the late months of 1839 had encouraged them to order large quantities in anticipation of the shortage continuing. Imports for 1839 and 1840 were: (Table 35)

TABLE 35
IMPORTS OF WHEAT AND WHEAT PRODUCTS 1839-1840

<table>
<thead>
<tr>
<th></th>
<th>1839</th>
<th>1840</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>171,207</td>
<td>290,843</td>
</tr>
<tr>
<td>Flour and Bread</td>
<td>3,579,076</td>
<td>7,108,663</td>
</tr>
</tbody>
</table>

Unfortunately for the millers, the breaking of the drought and an abundant harvest in 1840 resulted in a glut of wheat and low prices in the second half of the year. (Tables 36 and 37)

TABLE 36
WHEAT PRICES 1839-1840

<table>
<thead>
<tr>
<th></th>
<th>1839</th>
<th>1840</th>
</tr>
</thead>
<tbody>
<tr>
<td>s. d.</td>
<td>s. d.</td>
<td>s. d.</td>
</tr>
<tr>
<td>Jan.</td>
<td>9. 0</td>
<td>12 11</td>
</tr>
<tr>
<td>Feb.</td>
<td>10 0</td>
<td>12 0</td>
</tr>
<tr>
<td>Mar.</td>
<td>11 8</td>
<td>14 11</td>
</tr>
<tr>
<td>Apr.</td>
<td>17 0</td>
<td>17 8</td>
</tr>
<tr>
<td>May</td>
<td>15 7</td>
<td>17 1</td>
</tr>
<tr>
<td>Jun.</td>
<td>17 0</td>
<td>15 10</td>
</tr>
<tr>
<td>Jul.</td>
<td>19 3</td>
<td>11 1</td>
</tr>
<tr>
<td>Aug.</td>
<td>22 0</td>
<td>11 0</td>
</tr>
<tr>
<td>Sep.</td>
<td>22 0</td>
<td>6 11</td>
</tr>
<tr>
<td>Oct.</td>
<td>20 3</td>
<td>6 2</td>
</tr>
<tr>
<td>Nov.</td>
<td>13 6</td>
<td>5 8</td>
</tr>
<tr>
<td>Dec.</td>
<td>13 6</td>
<td>7 9</td>
</tr>
</tbody>
</table>

11 SMH, 10 and 17 November 1840, 1 January 1841; Spark Diary, p. 127; Butlin, Australian Monetary System, p. 315ff.

12 Returns of the Colony.

13 Votes and Proceedings, 1845, See Minutes of Evidence before Select Committee on Immigration.
TABLE 37

WHEAT HARVEST 1839 - 1840

<table>
<thead>
<tr>
<th>Year</th>
<th>Wheat Acreage</th>
<th>Total Crop (bushels)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1839</td>
<td>48,211</td>
<td>800,000</td>
</tr>
<tr>
<td>1840</td>
<td>72,993</td>
<td>1,065,000</td>
</tr>
</tbody>
</table>

Alarmed at the threat of wheat scarcity and the resulting fluctuating price, Gipps told the Secretary of State that he had purchased about 20,000 bushels of wheat which was stored in specially constructed silos at Cockatoo Island and that he intended to purchase up to 100,000 bushels. The grain would be acquired when the price was low, and sold at a moderate profit in times of shortage. He was confident he would be commended for his forethought, but instead he was reprimanded by Russell for interfering with the market and ordered to sell his stocks at auction.15 The oversupply of grain kept the price of wheat and flour at a very low level for the next four years in all the Australian colonies and led to speculative cargoes of wheat being sent to Britain and exhortations from the Herald to expand the grain export market.16

In a despatch in February 1841, Gipps referred to "the commercial embarrassment" in the colony for the last three

15 Gipps to Russell, 30 November 1840, HRA, Vol. 21, pp. 90-91; Russell to Gipps, 23 June 1841, ibid., p. 408.
16 SMH, 20 April 1843.
months, which he saw as the result of "an excess of speculation...from the undue extension of credit and the facility with which our banks have been in the habit of discounting mere accommodation paper". He also singled out two aggravating circumstances in the great fluctuations in the price of grain since the scarcity of 1838, and the practice which had developed "since the establishment of the Australasian Bank in London...of forwarding goods on speculation to New South Wales and drawing on the consignee in Sydney for two-thirds of the price they are expected to realise". He maintained that bills drawn on colonial merchants against invoices were discounted by the Bank of Australasia and the consignee was often forced to sell the goods at a loss to meet the bills when due. This system was not restricted to transactions through the Bank of Australasia. London merchants also demanded advances on consignments, to be paid directly to their local agents on receipt of invoice.

The system of advances against consignments served the interests of the English merchants, particularly when dealing with colonial firms who only imported and therefore could not build up a credit account in England through exports. Where remittances were slow or not forthcoming, they could be pursued by the local branch of an Anglo-Australian bank or the local agent. However, under the

17 ibid., 7 August 1840; Gipps to Russell, 1 February 1841, HRA, Vol. 21, pp. 198-199.
strain of three years of commercial depression, the exchange of trading funds between the colony and England in many cases broke down. 19

The shock wave caused by the failure of the millers in a commercial community already nervous and lacking liquidity, brought about an immediate restriction of credit by merchants and shopkeepers. There were rumours of failures and a minor run on the banks in December and January, but there was no real panic and no sustained change in discounting by the banks as far as established customers were concerned. 20 Gipps was not particularly perturbed by the economic downturn. He saw it as part of an economic cycle "of the same nature as that which seems to occur almost periodically in England and other commercial places." He envisaged no danger to the banks, and that it would be "salutary in checking the practice, hitherto almost universal, in dealing in fictitious capital. 21 The Herald was also optimistic of an early end to the depression, noting in December 1840 that the "monetary affairs of the colony are gradually becoming more healthy" in the expectation that new capital being introduced by the English loan companies and banks would assist recovery. In January 1841 it predicted an economic reversal in two or three

19 See Chapter 6.
20 Spark Diary, pp. 127-133; Butlin, Australian Monetary System, p. 613.
months and in May claimed that in "a few weeks the pressure under which we are presently suffering will be removed".  

This positive attitude was based on the continuing profitability of the banks, which maintained around seven percent half yearly dividends while their shares sold at substantial premiums during 1841. The British Colonial Bank and Loan Company, the Scottish Australian Investment Company and the Australian Trust Company commenced business in the colony in mid 1841 and were soon competing with the banks in property mortgages for merchants and settlers struggling to meet their debts, as shown by the number and value of mortgages taken up between 1839 and 1843 (Table 38).

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Value (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1839</td>
<td>383</td>
<td>348,818</td>
</tr>
<tr>
<td>1840</td>
<td>459</td>
<td>514,741</td>
</tr>
<tr>
<td>1841</td>
<td>709</td>
<td>1,098,742</td>
</tr>
<tr>
<td>1842</td>
<td>625</td>
<td>824,412</td>
</tr>
<tr>
<td>1843</td>
<td>582</td>
<td>1,005,581</td>
</tr>
</tbody>
</table>

The optimism of the Herald was not shared in the market place. In the first months of 1841 shopkeepers were advertising goods for cash only and offering low prices due to the "great depression". The unprecedented number of

22 SMH, 22 January 1840, 21 January 1841.
23 Spark Diary, p. 136; SMH, 24 April 1841.
24 Butlin, Australian Monetary System, p. 327.
25 SMH, 8 and 12 March 1841.
insolvencies occurring between 1841 and 1843 was basically due to the withdrawal of credit. The banks lent money almost exclusively to the leading merchants and settlers by discounting their bills.\footnote{Votes and Proceedings 1843, Evidence of Hart, McLean and Griffiths before the Committee on Monetary Confusion.} The merchants in turn gave credit by way of promissory notes to other merchants, shopkeepers, small settlers and pastoralists. The shopkeepers gave credit to farmers and tradesmen. At the first sign of the faltering of confidence in the economy in late 1840, this credit system was restricted at its middle and lower levels.

The more substantial merchants were not greatly affected initially, as they largely controlled the local banks and continued to have their bills discounted at much the same rate as before the downturn.\footnote{Australian, 14 January and 9 December 1841, 15 August 1842.} At the same time the requirement for the banks to disclose publicly their assets and liabilities restrained them from any excessive expansion of credit, but directors and large shareholders could still get credit extensions by re-endorsement of their outstanding bills. Also those with substantial property not already mortgaged could get accommodation from the British loan companies. Lesser merchants, shopkeepers, farmers, tradesmen and professional people virtually had no avenue of relief. The fall in the value of real property and livestock meant that they had little chance of escape from financial embarrassment by sale or mortgage. As the
depression deepened in 1842 the banks had to further reduce loans and look to their own security, so restricting even more the credit which merchants could provide to shopkeepers and pastoralists. The overall rate of insolvency reached its peak in this year, but the majority of failures among import-export merchants occurred in 1843, when the Bank of Australia collapsed after months of uncertainty, putting great strain on other colonial banks. Taking the depression as a whole, the greatest number of insolvencies came from the lower economic and social sections of the community. Small merchants, shopkeepers, dealers, auctioneers and publicans comprised around thirty percent of insolvencies, tradesmen and labourers twenty-five percent, farmers and graziers fifteen percent, professionals and clerks eight to ten percent and merchants about five percent. Apart from bankruptcies, the depression years resulted in an upsurge in the number of court cases for debt and breach of contract. Statistics on solvencies and civil cases are as follows:

(Tables 39 and 40).

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In January 1842 the Herald observed that 1841 had been "the darkest year that ever brooded over the colony", sentiments echoed by Spark as he spent sleepless nights worrying over impending ruin. However, in March it was reported that "a good amount of business in manufactured goods with satisfactory prices was taking place and that local markets were generally improving. This upturn was attributed to the falling off in unsolicited consignments of manufactured goods and the seasonal influx to Sydney of settlers with produce and wool, to purchase their annual supplies. But on the whole settlers were in a precarious position due to the low produce and stock prices. Sheep which had sold for twenty-two shillings and sixpence in 1840 dropped to ten to fifteen shillings in 1841 and to three shillings and sixpence in 1843. Merchants were also

<table>
<thead>
<tr>
<th>TABLE 39</th>
<th>TABLE 40</th>
</tr>
</thead>
<tbody>
<tr>
<td>INSOLVENCIES 1842-1845</td>
<td>CIVIL CASES (SUPREME COURT) 1839-1844</td>
</tr>
<tr>
<td>1842</td>
<td>629</td>
</tr>
<tr>
<td>1843</td>
<td>539</td>
</tr>
<tr>
<td>1844</td>
<td>192</td>
</tr>
<tr>
<td>1845</td>
<td>137</td>
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</tbody>
</table>

31 Returns of the Colony; Gipps to Stanley, 17 December 1842, HRA, Vol. 22, p. 423.
32 Spark Diary, p. 139; SMH, 1 January 1842.
33 ibid., 19 and 25 March 1842.
34 ibid., 29 March 1842.
35 ibid., 14 March 1843; Australian, 16 January 1840, 16 January and 10 February 1842.
feeling the pressure of the times, with "their funds locked up in the hands of settlers" and fearing themselves "on the eve of ruin and universal bankruptcy". The low wool prices between 1841 and 1843 added to the gloom, but was felt most acutely by the graziers.

The quantity and value of wool exported from Sydney between 1841 and 1844 is shown in Table 41.

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity (lbs)</th>
<th>Value (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1841</td>
<td>6,875,938</td>
<td>442,657</td>
</tr>
<tr>
<td>1842</td>
<td>6,448,864</td>
<td>437,204</td>
</tr>
<tr>
<td>1843</td>
<td>8,298,359</td>
<td>467,088</td>
</tr>
<tr>
<td>1844</td>
<td>9,215,944</td>
<td>471,300</td>
</tr>
</tbody>
</table>

While the amount of wool exported increased by approximately thirty-three percent over the period, the returns each year changed only marginally. This relative drop in the value of wool recorded in the colonial statistics reflects the local price which fell from between one shilling and fourpence to one shilling and eightpence per lb. for wool of average quality in 1840, to between one shilling and one shilling and twopence in 1841 and 1842 and to as low as tenpence in


37 Returns of the Colony.
the wool season of 1844. Meanwhile, the London price remained fairly steady at around one shilling and sixpence to one shilling and tenpence per lb. over the period, so that actual returns would have been somewhat greater than indicated in the colonial statistics. The trend in the colonial price of wool generally followed that of the London market, but the local depressed conditions and lack of confidence apparently resulted in many graziers selling their clips to Sydney merchants at the best price they could get for a quick return.

The guarded optimism of the *Herald* continued to the middle of 1842. In June the markets "were showing a rising tendency", export orders were "unusually large" with diminishing imports from Britain and it was expected that prices would improve. Discounts were easier and the Commissariat was tendering for £20,000 worth of bills on the Treasury, while banks and insurance companies were declaring half-yearly dividends of six and seven percent. These tendencies did not persist and in July, Gipps thought that the "pecuniary distress...still exists to a very great and even perhaps to an increased degree in the colony". He also felt that farmers and graziers were in worse plight than the Sydney merchants. At the end of 1842 Spark was still

38 Gazette, 4 January 1840, 5 January 1841, 6 January 1842; SMH, 10 February 1844.

39 ibid., 11 June, 21, 22 and 25 July 1842.
lamenting "large debts, intolerable interest and unsaleable property". 40

Despite its occasional expectations of a brighter outlook during 1842, in January 1843 the Herald admitted that the past year, like its predecessor had been "one of the darkest... in the history of New South Wales", with "commerce, agriculture and even the great staple... prostrated by the blasts of pitiless adversity". 41 There had been an unprecedented number of insolvencies, a calamitous stifling of immigration and the British government had raised the price of already unsaleable land to £1 per acre. A ray of hope for the future was the granting of representative government, which would finally give the colonists a voice in their own affairs.

There was the usual seasonal upturn in the local market early in 1843 due to wool advances and the purchase of supplies. The lowering of interest rates to eight percent on three month bills by the Commercial Bank, later followed by the other banks, also gave some relief. 42 But by mid year the outlook was clouded by the failure of the Bank of Australia and the Sydney Bank and a run on the Savings

40 Gipps to Stanley, 8 July 1842, HRA, Vol. 22, p. 135; Spark Diary, p. 147.
41 SMH, 2 January 1843.
42 ibid., 7, 21 and 28 January 1843.
The few bank shares being traded were selling at five to ten percent discount.

For the leading merchants 1843 was a year of crisis, with the insolvency of Richard Jones, A.B. Spark, Drake and Company, J.H. Grose, R.G. Dunlop and Company and De Mestre among others, and most catastrophic of all, Hughes and Hosking who brought the Bank of Australia down with them. The monthly tallies of all insolvencies are shown in Table 42.

### TABLE 42

<table>
<thead>
<tr>
<th>TALLY OF MONTHLY INSOLVENCIES 1842-1843</th>
</tr>
</thead>
<tbody>
<tr>
<td>1842</td>
</tr>
<tr>
<td>Jan.</td>
</tr>
<tr>
<td>Feb.</td>
</tr>
<tr>
<td>Mar.</td>
</tr>
<tr>
<td>Apr.</td>
</tr>
<tr>
<td>May</td>
</tr>
<tr>
<td>Jun.</td>
</tr>
<tr>
<td>Jul.</td>
</tr>
<tr>
<td>Aug.</td>
</tr>
<tr>
<td>Sep.</td>
</tr>
<tr>
<td>Oct.</td>
</tr>
<tr>
<td>Nov.</td>
</tr>
<tr>
<td>Dec.</td>
</tr>
</tbody>
</table>

The table shows the large number of voluntary insolvencies immediately after the promulgation of the revised insolvency law in February 1842, which gradually reduced during the year. The rate flattened out in early 1843, but increased

43 ibid., 6 May 1843.
44 ibid., 17 June 1843.
45 Flower and Salting to Huth and Company, 6 October 1843, Australian and New Zealand Letters, FM4/1525.
46 SMH, 23 October 1843, 9 February 1844.
significantly with the bank failures, after which it petered out to a trickle by mid 1844.

The year 1844 started on an optimistic note with news of a marked upturn in wool prices. By May the Herald was likening the condition of the colony to that of a "strong man who has just passed the crisis of a violent fever", and could look forward to gradual but complete recovery. Robert Towns could report that commercial matters had "taken a favourable turn", that there was little speculation and the watchwords were economy and retrenchment. The graziers' great problem of low prices for livestock had been overcome to some extent by the widely adopted practice of boiling down surplus sheep and cattle for tallow which commenced in mid 1843. Boiling down facilities sprang up throughout the colony, where nine pence or a shilling per head was charged for boiling down sheep, and threepence for cleaning and packing skins. The amount of tallow extracted from a sheep varied from fourteen to twenty pounds and it initially sold for £1-3 to £1-8 per cwt. in the colony and brought £1-19 to £2-1 per cwt. in London. These prices increased by up to twenty-five percent in the late 1840s. Tallow worth £4,265 was exported in 1843 and this rose to £69,604 in 1844. The upsurge in the salting of beef in 1843, although undertaken with enthusiasm was less successful in assisting rural recovery.

47 ibid., 11 May 1844; R. Towns to Russell and Sturges, 10 October 1844, Towns Papers, MSS 307, Item 111.

48 SMH, Local and London price lists; Returns of the Colony.
The following statistics of imports and exports for Sydney and New South Wales (including Port Phillip) gives additional information on the progress of the depression (Tables 43).

**TABLE 43**

**TRADE STATISTICS 1840-1844**

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports to Sydney</th>
<th>Exports from Sydney</th>
<th>Imports NSW (£)</th>
<th>Exports NSW (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1840</td>
<td>2,649,791</td>
<td>847,458</td>
<td>3,014,189</td>
<td>1,399,692</td>
</tr>
<tr>
<td>1841</td>
<td>2,581,160</td>
<td>950,108</td>
<td>2,527,988</td>
<td>1,023,397</td>
</tr>
<tr>
<td>1842</td>
<td>1,288,538</td>
<td>862,043</td>
<td>1,455,059</td>
<td>1,067,411</td>
</tr>
<tr>
<td>1843</td>
<td>1,367,223</td>
<td>894,648</td>
<td>1,550,544</td>
<td>1,172,320</td>
</tr>
<tr>
<td>1844</td>
<td>780,798</td>
<td>871,268</td>
<td>931,360</td>
<td>1,128,115</td>
</tr>
</tbody>
</table>

It can be seen that the value of imports to both Sydney and New South Wales as a whole approximately halved between 1840 and 1843. There was still some evidence of a surplus of manufactured goods in the colonial market in 1842 and 1843 as indicated by complaints from local merchants. But the value of sales by auction decreased each year to less than half the 1840 value by 1843, suggesting that there was not an excessive oversupply of manufacturers in the later years of the depression. The further substantial drop in imports in 1844 was probably a reaction to the financial collapse of the leading merchants and the colonial banks in 1843. The problems of the Bank of Australia had particular implications for the London based Bank of Australasia which had financially supported the local bank. The drop in imports allowed the exports from New South Wales as a whole

49 *ibid.*

50 *SMH, 10 January 1842; Butlin, Australian Monetary System*, p. 321.
to exceed the value of imports for the first time, a situation that was to continue for the remainder of the decade, except for 1846 and 1847 when there was a slight adverse balance. This was an important landmark for the colony, ending the years of massive imbalance in trade with Britain, and so easing the dependence on capital imports.

As credit and interest rates were crucial interrelated factors in the economy, during 1842 and 1843 there emerged a strong public feeling that the interest rates of ten to fifteen percent on mortgages and up to twelve percent on bills by the banks were exorbitant and were contributing to the continuing depression. Gipps in particular, took a jaundiced view of the British loan companies, seeing their activities as leading to the transfer of property to mortgagees "who in great part are resident in England". In May 1842, the Commercial Bank lowered its discount rate from ten to eight percent on bills of less than one hundred days. Although there was resistance from other banks, competition finally forced them to adopt the same rate. This still left bills at more than one hundred days, renewals and mortgages at ten percent.

The economic condition of the colony was reflected in a petition to the Legislative Council in September 1843 from distressed labourers, requesting that public works be

51 SMH, 13 and 16 August and 21 December 1842; Gipps to Stanley, 8 July 1842, HRA, Vol. 22, p. 135.
52 Butlin, Australian Monetary System, pp. 333-334.
expanded to provide additional employment. A select committee was appointed with John Dunmore Lang as chairman, which endorsed the plea of the petition.\(^{53}\) The Colonial Secretary was a member of the committee and was generally sympathetic to its findings, but had reservations on the extent of the distress among the working class. He also maintained that the government could not afford to increase expenditure on public works.\(^{54}\) In any case, by the time the Council considered the committee report at the end of 1843, the worst of the depression was over.

During 1842 and 1843 the *Herald* was advocating interest reduction, and rowdy public meetings organised by the emancipist Robert Cooper also demanded lower rates. Cooper advanced vague ideas for the formal investigation of the affairs of potential insolvents in order to avoid legal action for debt, as he believed that "if the law pursue a man he is ruined".\(^{55}\)

Interest rates and the availability of credit were not unnaturally an early concern of the partly elected Legislative Council. Of the twenty-four elected members of the Council most were substantial graziers, Thomas Walker being the only practising merchant. Of the twelve nominated

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53 *SMH*, 6, 7 and 13 September and 30 November 1843; *Votes and Proceedings*, 1843, Report of the Select Committee on the Distressed Labourers' Petition.

54 *SMH*, 30 November 1843.

55 *ibid.*, 9 May 1843; Butlin, *Australian Monetary System*, p. 332.
members Richard Jones, Alexander Berry and Thomas Icely were ex-merchants, now mostly engaged in pastoralism. They all had an interest in mitigating the effects of the depression, and Wentworth took the lead by introducing three bills early in the first session with this ostensible object.

Wentworth was in a position to have first hand knowledge of the banking and credit situation as he was acting chairman of the Bank of New South Wales and was one of the larger shareholders in the Bank of Australia. Like his fellow pastoralists and squatters, he was deeply affected by the depression, so that there was obviously an element of self interest in his attempts to control interest rates and provide alternate sources of credit for graziers. 56

Wentworth's first piece of legislation was the Solvent Debtor's Bill, by which persons not yet declared bankrupt could be given a bill of license with the agreement of the majority of creditors, and so be allowed time to repay debts. The decision to grant the license was to be binding on all creditors. This proposal, which was intended to keep debtors out of the courts as much as possible, met considerable opposition. It represented too great a departure from established practice as it affected the rights of individual creditors and was disallowed.

Wentworth's Usury Bill, which was to restrict interest on loans to five percent was strongly assailed by the press

and Council members, who were opposed to interference with private financial transactions. He had difficulty in circumventing their arguments and the bill was defeated.\textsuperscript{57}

His third bill for preferable liens on wool and mortgages on stock, although there were doubts about its usefulness, particularly by Gipps, was of great and immediate importance to graziers. It allowed squatters to borrow on unshorn wool and register mortgages on sheep, horses and cattle. Merchants had made advances on unshorn wool before 1843 when there was competition to secure export cargoes, but the practice was not protected by legislation and was condemned by London merchants whose colonial agents were using their funds for such advances.\textsuperscript{58} In less than three months from the passing of Wentworth's bill, one hundred and four mortgages on sheep and cattle and sixty-three liens on wool had been registered.\textsuperscript{59} Graziers thus had access to secured credit at a time when there was a reluctance on the part of merchants and banks to extend it by the established method of personal security.

In a further attempt to restore confidence and provide credit, a select committee of the Council on the "monetary confusion" referred to by Gipps in his opening address to the Council, was set up under the chairmanship of the lawyer Richard Windeyer. Although witnesses before the committee

\textsuperscript{57} SMH, 2, 16 and 21 September 1843.

\textsuperscript{58} Brooks to J. Cain, 13 August 1841, Brooks and Company Records, FM4/2348.

\textsuperscript{59} Gipps to Stanley, 1 January 1844, HRA, Vol. 23, p. 290-291.
had much to say about the causes of the depression, little was offered by way of remedy. Windeyer therefore seized on the suggestion of Thomas Holt, one of the witnesses before the committee, to recommend the adoption of the Prussian pfandbriefe system. In this scheme the government, through a land board, gave credit in the form of pledge certificates as security on land. Interest on the certificates was transferable, but at a rate lower than that paid by the proprietor of the land. The land board notes were to be legal tender. Although passed by the Council, the bill was refused by the Governor, as the Council did not have the power to appropriate the colonial revenue except as directed by the Secretary of State.  

In any case, Wentworth's two abortive bills and Windeyer's bill would have been too late to affect the depredations of the depression.

Most of the joint stock companies formed in the 1830s and the early 1840s disappeared during the depression. The first signs of the economic downturn rendered the New South Wales Steam Navigation Company, the Maitland and Newcastle Steam Navigation Company and the Paterson's River Steam Boat Company still-born. The General Steam Navigation Company met strong competition from the Hunter River Steam Navigation Company in 1841 and by the end of the year could not meet its debts and went out of business with debts estimated at £50,000.  

60 SMH, 24 August and 6 December 1843; Butlin, Australian Monetary System, pp. 329-332.

61 See Chapter 8 pp. 227-228.
The steam companies were not the only ones to suffer in the depression. The insurance companies were also to fall on hard times, but in the heady early days of 1840 at the height of the boom, the Mutual Fire Assurance Association was launched by a group of merchants and shopkeepers. The Association was to commence operation when property to the value of one million pounds was insured and the Legislative Council had passed a law to allow it to sue and be sued.\textsuperscript{62} The first annual report revealed that property to the value of £633,155 had been insured and £5,950 in funds had been accumulated. The Association maintained a precarious existence in 1842 and 1843, the value of property insured dropping to £363,280 in April 1843. As some of the directors were anxious to recover their investment and the Association continued to decline, it was decided to wind it up in August 1843.\textsuperscript{63}

Even the long established Australian Marine Assurance Company was threatened with extinction in a move by some of the shareholders in mid 1843. Although the company was performing satisfactorily, proprietors struggling to avoid insolvency apparently wanted the money they had tied up in it to service their debts.\textsuperscript{64} A meeting to consider dissolution was held in November 1843 when the move was

\textsuperscript{62} SMH, 30 March, 1 and 29 May 1840.

\textsuperscript{63} ibid., 28 October 1841, 14 September 1842, 29 April and 8 August 1843.

\textsuperscript{64} Spark Diary, p. 155.
defeated. A similar move was made against the Alliance Marine, Fire and Life Assurance Company, which was dissolved in January 1844. During the depression people were reluctant to use scarce funds on fire and life insurance and in any case the fire insurance companies "were inadequate and delusive either through prevention (through the fire services they provide) or compensation for loss".

The Australian Fire and Life Assurance Company, which had changed its name to the General Assurance Company in 1839 managed to survive by discontinuing life assurance in 1842 and fire assurance in 1843 and concentrating on marine assurance only. As there was now no local company offering fire insurance, the Sydney Fire Insurance Company was formed in mid 1844 on the lines of the German Gothenburg Mutual Fire Company, by which the insurers paid a nominal amount in addition to their premiums to provide a fund for claims. None of the leading merchants were involved in the direction of the company.

Another victim of the depression was the struggling Royal Exchange Company. Following the laying of the foundation stone in 1840, internal dissension continued.

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65 SMH, 13 September and 25 October 1843.
66 ibid., 1 November 1843, 8 and 24 January and 19 October 1844.
68 SMH, 5 August and 4 September 1844.
aggravated by the financial difficulties of its directors, three of whom became insolvent. The Clerk of Works of the proposed building had gone to England to recruit mechanics to work on its construction, but he had not been furnished with the necessary authority or funds for the task. Henry Bagster, who had returned to England, had agreed to assist, but he also received no authority or instructions despite repeated requests to the company secretary. This state of affairs was attributed to "the gross neglect of the late secretary (Colonel A. Wilson) aided by the indifference of the larger portion of the committee, and the apathy of the proprietors generally". Further instalments on shares were called for in 1843 and 1844 to compensate for "death, insolvency and absence", but the company petered out of existence. The Royal Exchange was eventually permanently established in 1851.

While many of the joint stock companies were collapsing, one emerged in the depths of the depression to take advantage of the low prices for stock. It will be recalled that the Herald encouraged the export of salt provisions when the low price of beef in the colony made the local product competitive with that from Ireland and Britain in the early 1830s. In 1832 salt provisions to the value of £19,932 were exported, mainly to Van Diemen's Land and the fisheries. Exports rose to £27,625 in 1834, then fell away

to £15,090 in 1838 and a mere £1,816 in 1841.\textsuperscript{70} This decline reflected the rising price of colonial beef and hence more lucrative avenues of speculation. As the depression developed in the early 1840s, the \textit{Herald} again pointed out that the colony was importing salt beef to the annual value of £80,000 in 1840 when it should be a net exporter.\textsuperscript{71}

The continued drop in beef prices prompted the formation of the Sydney Salting Company in January 1843, with a capital of £3,500 in £20 shares.\textsuperscript{72} The company was mainly supported by graziers, but A.B. Spark was elected to the eight member board. Premises were rented at Darling Harbour and the company commenced operations in May 1843, offering to receive beef as payment for shares. Beef salting was also commenced at other places, including the Richmond River and Port Macquarie, by local speculators.\textsuperscript{73} The Salting Company covered expenses in 1843 and in 1844 undertook boiling down as well as salting.\textsuperscript{74} However in 1844 Australian salted beef was unsaleable in London due to poor quality and unsuitable packing. Some eighteen firms and individuals shipped salted beef to England between April 1843 and February 1844, so it seems the rush to exploit an

\begin{itemize}
\item \textsuperscript{70} \textit{Returns of the Colony}.
\item \textsuperscript{71} \textit{SMH}, 1 December 1841.
\item \textsuperscript{72} \textit{ibid.}, 21 January 1843.
\item \textsuperscript{73} \textit{ibid.}, 28 March, 25 April, 4 May and 26 September 1843, 20 April 1844.
\item \textsuperscript{74} \textit{ibid.}, 23 April 1844.
\end{itemize}
additional source of export revenue resulted in excessively lean meat being used and second hand casks which caused discoloration of the beef.75

It is not surprising that most of the joint stock companies failed during the depression. The speculation fever of the times induced capitalists to form companies which were not viable, given the colony's limited population and commercial scope, as witness the plethora of insurance, steam ship and auction companies. The companies were formed by people with little experience in such ventures and when the depression descended upon them and profitability declined, they either mulct the companies for their own advantage, or endeavoured to wind them up to recover what they could of their investment to service their personal debts.

Defects and difficulties inherent in the law governing insolvency during the late 1820s and early 1830s have been noted. The operation of the Insolvent Debtors' Act of 1830 had been less than satisfactory. Noting "much dissatisfaction had arisen in the public mind at the Insolvent Law", Judge Alfred Stephen of the Supreme Court outlined its principal defects. He maintained that the appointment of trustees from among creditors had proved unsatisfactory because of the apathy of creditors and considered that an official assignee should be appointed to collect insolvents' debts and manage their estates. The

75 ibid., 26 October, 11 and 23 November 1844.
fact that insolvents could not be imprisoned when their discharge was stayed because of fraud or other irregular behaviour "allowed many dishonest insolvents to go at large unpunished". Also there was inadequate provision for proof of debts, one judge in particular ruling that bills of exchange not yet due could not be admitted as debt. 76

Judge Stephen had previously been successively Attorney General and Solicitor General in Van Diemen's Land and had been largely responsible for the Van Diemen's Land insolvency law passed in 1835, which had been based on a similar act in force at the Cape of Good Hope and the Scottish insolvency and bankruptcy laws. Judge Burton of the Supreme Court had served at the Cape and had been associated with the insolvency laws passed there in 1829. Being also concerned at inadequacies in the New South Wales law, he drew up two bills considered by the Legislative Council in 1838, one providing for the collection, administration and distribution of insolvent estates, and the other modifying the law relating to imprisonment for debt and the absconding of debtors. 77

A select committee of the Council was appointed to examine and report on the bills, with the Chief Justice, Sir James Dowling as chairman. Thirty-seven witnesses were

76 Votes and Proceedings, 1839, Letter from Mr Justice Stephen to the Committee on the Insolvent Debtors' and Imprisonment for Debt Bills.

77 Gipps to Stanley, 9 March 1842, HRA, Vol. 21, p. 726; SMH, (Supplement), 3 June 1840.
called before the committee, of whom sixteen were prominent merchants. With respect to the Insolvent Debtors' Bill –

twenty-six of the witnesses were favourable to the general principles of the measure, but thought it required important modification in some details. The remainder of the witnesses were unfavourable to it on the grounds generally, that whilst they admitted that as far as the material of the bill went, it was a good, sensible, well conceived, and well arranged plan for the objects intended, yet that the present state of the colony did not require so extensive a measure...that it would act as a clog upon trade and credit, and would create endless expense and litigation.

On the Imprisonment for Debt Bill –

Almost every witness examined on this subject, concurred in the general principle of abolishing the power of arresting a debtor before final process, or process of execution, except under certain circumstances. Few, however, of the numerous witnesses approved of any of the clauses following the first section of the bill.

In view of the objections raised to the bills the Council did not proceed with them in 1838 or 1839. The colony was enjoying buoyant economic conditions with a low rate of insolvency and the underlying feeling conveyed by witnesses before the Council select committee was that the laws were unnecessary in the existing climate. Amended legislation was submitted to the Council in 1840, when the Governor referred to other objections to existing legislation, among which was the action of one or a succession of creditors charging a debtor after discharge, a situation which occurred frequently in 1840 and 1841 as


79 ibid.
economic conditions deteriorated. But as the proposed changes had not been sponsored by the government, he was not prepared to press the issue, as the Council was divided and uncertain how to proceed. The ex-merchants Jones and Berry were opposed to change in the existing law as there had been so few insolvencies in recent years. They thought the proposed changes could encourage insolvency as it appeared to have done in Van Diemen's Land. They feared that any move to facilitate a declaration of insolvency would tend to restrict the granting of credit and so dampen commercial enterprise. The resolution to proceed with the legislation was lost and the matter dropped for 1841.

With the changed economic climate in 1841 there was a quickening of public debate through letters to the press and petitions to the Council on defects in the insolvency law. And as forced insolvencies became more frequent it was generally agreed that rationalisation of the procedures for handling such cases was required, mainly to protect creditors from fraudulent activities such as sham pleas and collusion between debtors and individual creditors. Under this impetus a new law was enacted in late 1841, encompassing insolvency and the English codes relating to both insolvency and bankruptcy.

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80 SMH (Supp.), 3 June 1840, 9 September 1841.
81 ibid. (Supp.) 3 and 26 June 1840.
82 ibid., 24 July, 3 August and 10 September 1841.
The new act was still based on input from Judges Stephen and Burton and owed much to the similar acts in Van Diemen's Land and the Cape. The main provisions were that the resolution of financial arrangements between debtors and creditors would be delegated to a Chief Commissioner of Insolvent Estates appointed by the Chief Justice and by District Commissioners in the country districts. There would be two modes of sequestration, either voluntary or by action of creditors. In the first case the insolvent was required to provide a written submission on his financial situation to the Supreme Court and if considered satisfactory, it would be referred to the Chief Commissioner, at which time all actions by creditors against the insolvent were stayed. After one meeting of the insolvent and creditors in the presence of the Chief Commissioner, when assets and liabilities were proved, the creditors selected one to three trustees from their number to collect, administer and distribute the insolvent estate. A third meeting twenty-eight to fifty-six days after the appointment of the trustees was to receive trustees reports on the condition of the estate. In practice more than three meetings were often necessary as meetings were sometimes adjourned when creditors did not attend or there were a large number or debts to consider.

Where necessary trustees would arrange for a formal legal examination of the insolvent or any of his relations

83 The following outline of the provisions of the act are based on W.W. Burton, The Insolvent Law of New South Wales, Sydney 1842; See also Spark Diary, p. 166ff.
or interested persons before the Chief Commissioner or a Supreme Court judge. Where insolvency was not voluntary and creditors sought a court sequestration order, the debtor was required to appear before a judge and indicate any matters he intended to dispute. If the judge issued the sequestration order the case was referred to the Chief Commissioner and the process was henceforward the same as for a voluntary sequestration.

A principal object of the legislation was to minimise fraud and duplicity on the part of the debtor and an equal distribution of assets. Criminal proceedings could be taken against debtors for absconding, embezzlement, fraudulent conduct or false declarations. Three months after the first meeting between debtor and creditors, the former could apply for a certificate of discharge, which, if signed by three-quarters of the creditors in number and value of debts, would be allowed by the court. Any creditor could oppose the granting of the certificate, but would have to have substantial grounds for so doing.

By 1843 it had become evident that the law needed further amendment to rectify defects which had limited its operation. The system of selecting trustees from among the creditors had led to some trustees being found guilty of improper practices such as condoning favouritism in the disposal of property, either towards themselves or others, misappropriating property, simple dereliction of their duty
as trustees or becoming insolvent themselves. Another objection to the 1841 act was that the granting of certificates of discharge depended on the acquiescence of creditors, who could capriciously prevent the certificate being granted.

The act was changed towards the end of 1843 to provide for the appointment of official assignees who were not creditors, to supervise the liquidation of sequestrated estates under the control of the Chief Commissioner. The Commissioner was also given the power to determine when certificates of discharge would be given, subject to argument by counsel and the final approval of the Supreme Court. Certificates could be refused only on the grounds of fraudulent behaviour, knowingly incurring debts when insolvent or being extravagant when insolvent.

An insolvent's first step was to complete his financial schedule which was divided into five parts. Part 'A' was a balance sheet of his estate in which he was required to indicate the value of his total debt, his landed property, his personal property and debts owed to him by others. Parts 'B', 'C', 'D' and 'E' involved listing details and value of landed property, personal property, debts and debts

84 SMH, 5 May, 1 June, 16 August, 21 November 1843; Votes and Proceedings, 1843, Report of Committee on the Insolvent Act. Witnesses before the Committee referred to a number of rorts by insolvents which were difficult to prove.

85 Gipps to Stanley, 1 January 1844, HRA, Vol. 23, pp. 290-291; SMH, 4 October 1844.
owed respectively. Naturally insolvents tended to keep their statements of debts as low as possible and the value of their assets as high as possible. It followed that as the successive meetings of creditors were held at which affidavits were submitted covering outstanding debts, it was found that values stated in the schedules were superseded and additional debts proved.

As the larger creditors generally retained counsel to represent them, formal examinations of insolvents were routinely held before the Chief Commissioner or a Supreme Court judge if there was an appeal against a ruling of the Chief Commissioner. Such examinations tended to show a lax attitude to basic business methods. Promissory notes were taken and given without proper record and insolvents rarely had even an approximate knowledge of their real financial situation. Credit was so easy to obtain even up to the end of 1842, and property values had fallen so much, that this was not surprising. Suspecting that their financial position was becoming desperate, most of the larger insolvents sought every avenue for obtaining new loans, renegotiating existing loans or arranging mortgages where possible. In this the merchants associated with the local banks as directors or major shareholders had a decided advantage, which in turn affected the stability of the banks.

As previously noted, the depression made heavy inroads into the ranks of the merchants. Of over sixty engaged
mainly in import-export trading in 1840, almost half had become insolvent by 1844 (see Appendix 2). The names and approximate debts of the more heavily indebted merchants are listed in Table 44. A breakdown of the debts of these merchants is given in Appendix 3.

**TABLE 44**

<table>
<thead>
<tr>
<th>MORE HEAVILY INDEBTED MERCHANT INSOLVENTS 1840-1844</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Merchant</strong></td>
</tr>
<tr>
<td>Duke and Company</td>
</tr>
<tr>
<td>Hughes and Hosking</td>
</tr>
<tr>
<td>Gore and Company</td>
</tr>
<tr>
<td>Willis Sandeman and Company</td>
</tr>
<tr>
<td>Lord and Company</td>
</tr>
<tr>
<td>Moore and Company</td>
</tr>
<tr>
<td>John Jones</td>
</tr>
<tr>
<td>A.B. Spark</td>
</tr>
<tr>
<td>R. Dacre</td>
</tr>
<tr>
<td>R. Jones</td>
</tr>
<tr>
<td>Drake and Company</td>
</tr>
<tr>
<td>Mitchell and Company</td>
</tr>
<tr>
<td>J.H. Grose</td>
</tr>
<tr>
<td>R. Anderson</td>
</tr>
</tbody>
</table>

The debts of the merchants fell into three general categories: those to local banks and insurance companies; those to other local merchants; and those to overseas merchants, mainly in Britain (see Appendices 2 and 3). It can be seen from Appendix 2 that the majority of failures occurred in the second half of 1843 and the early months of 1844. This grouping is significant in view of the bank crisis of 1843, as most of the merchants owed a substantial portion of their debts to various local banks.

86 Insolvency Records, AONSW. See Appendix 2 and Appendix 3.
From the early months of 1843 there was public unrest at the possibility of bank failures. A rumour of the failure of the Bank of Australia caused a sensation and by mid year it was known that the bank was in severe difficulties and was being supported by the Bank of Australasia and the Union Bank. There were also reports of embezzlement by officers of the Sydney Banking Company, and there was a run on the Savings Bank.87 The Sydney Banking Company closed its doors in July and the Bank of Australia was crippled by the revelation of the large debts of Hughes and Hosking and some of the directors and shareholders. The Bank of New South Wales set up a committee to report on its affairs, with the result that several customers for whom it had discounted large amounts, including the bank president Richard Jones, Prosper De Mestre a director, and John Jones, were obliged to mortgage property to secure outstanding loans.88 These three with Francis Mitchell and Henry Moore were among the leading whalers heavily indebted to the banks.89

Altogether many merchants who, as directors or proprietors of the local banks had used bank credit to remain solvent, were now forced into liquidation. An indication of the distress and humiliation felt by merchants

87 ibid., 1, 2 and 6 May 1843; Gipps to Stanley, 31 March 1843, HRA, Vol. 22, p. 613; Butlin, Australian Monetary System, p. 345ff.
88 ibid.; Holder, Bank of New South Wales, Vol. 1, pp. 122-123.
89 See Appendix 3.
like Jones, Spark and De Mestre, who had dominated the commercial life of the colony for decades is apparent in Spark's diary entries as he records the progress of the committee investigating the affairs of the Bank of Australia and his growing realisation of the hopelessness of his position. Between appeals for Divine intercession and guidance as his financial position was publicly revealed, were lamentations on being "very miserable", having "another wretched day", and when he was named as a heavy debtor of the bank, on the loss of his ability to obtain credit. 90

The flood of merchant insolvencies in 1843 and early 1844, while primarily associated with the bank crisis, was exacerbated by the large debts that merchants owed to each other, which for particular individuals or firms fell mostly within the range of one to two-thirds of total debt. These debts consisted entirely of balance of accounts or promissory notes, and in most cases would not have precipitated insolvency. All merchants were carrying such debts and knew that with the low value of stock and property they could not expect to recover more than a few shillings in the pound if an estate was sequestrated. This state of affairs was reflected in the observed apathy of creditors in attending credit meetings and presenting proof of debt. 91 They knew they would receive little or nothing in return and were often more concerned in maintaining their own financial

90 Spark Diary, pp. 152, 153, 156.

integrity as creditors and trustees themselves became insolvent. Of all the estates sequestrated between 1842 and 1849, eighty-five percent paid less than five shillings in the pound. 92

Besides that arising from the buying and selling of goods the merchants' local debt frequently included small amounts owed to the insurance companies including the Australian Marine Assurance Company, the Union Assurance Company, the Australian General Assurance Company and the Sydney Alliance Marine and Life Assurance Company. 93 These companies discounted bills or negotiated mortgages or both, and as directors or proprietors the merchants were again in a privileged position to avail themselves of this service. The British Colonial Bank and Loan Company, the Australian Trust Company (also British owned), and the Scottish Australian Investment Company which all opened in 1841, were only marginally involved in merchant debts. This was because the merchants were all heavily committed to existing banks, all of which were literally forced to take mortgages although it was not part of their normal business practice, and was in breach of the charter of the Bank of Australasia. 94

92 ibid., 1849, Insolvent Estates, (Tabled 4 September 1849).

93 Insolvent Files, AONSW.

94 Votes and Proceedings, 1843, Evidence before the Committee on Monetary Confusion; Butlin, Australian Monetary System, pp. 307-314.
The final major contributor to merchant insolvency was overseas debt. Of the Sydney merchants who owed a substantial proportion of their debt to British firms, Montefiore and Company and R.G. Dunlop and Company were reported to have caused the liquidation of their London agents, Montefiore Brothers and Cockburn and Company respectively. T. Gore and Company also seriously embarrassed John Gore and Company by withholding funds and Dacre did the same to Robert Brooks. W. Drake and Company owed most of its debt to Bristol companies, while Willis and Sandeman had dozens of debts scattered throughout British commercial centres. When drafts from colonial merchants on their British associates were refused, as in the case of T. Gore and Company and Duke and Company, the local merchant's credit was seriously impugned. The withholding of remittances to Britain by merchants experiencing financial difficulties resulted in a reduction in shipments of goods and pressure to obtain payment of debts through agents with power of attorney or through the Anglo-Australian banks.

The difficulties experienced by London merchants with their recalcitrant colonial counterparts during the depression is epitomised in the Brooks-Dacre

95 Insolvent File, AONSW, 2/8788; Brooks to W. Campbell and Company, 16 June 1841, Brooks and Company Records, PM4/2348; Brooks to J. Cain, 13 March 1841, ibid.
96 Brooks to Dacre, 30 March and 27 May 1841, ibid.
97 Brooks to Dacre, 30 March, 26 April and 5 July 1841, ibid; Brooks to Cain, 13 March 1841, ibid.
correspondence. 98 In 1842, according to Dacre, his account current with Brooks showed a balance of £37,450 in favour of the latter. Brooks maintained that the balance should have been £44,505, and with a further £30,000 invested in cargoes not yet brought to book, he had upwards of £70,000 outlayed with Dacre. 99 Brooks' pleas for remittances and complaints of lack of correspondence from Dacre which he interpreted as "an evident attempt to keep me in the dark" were disregarded by Dacre, as were Brooks' frequent instructions on business procedures, including proper bookkeeping. Speaking for himself and his fellow London merchants he echoed Charles Gore in telling Dacre "you all retain our funds so long that you render the trade ruinous". 100 In a lament reminiscent of Donaldson and Buchanan, he complained that he should retire from the trade rather than "subject myself to this treatment". 101

Brooks was strongly opposed to drawing bills against shipments to the colonies "as injurious to himself and the trade of the colony", in that losses could result at both ends of the transaction due to the premium on exchange and the possibility merchants having to make forced sales to


100 Brooks to Towns, 30 March 1841; ibid., 25 November 1842, Towns Papers, MSS 1279/5.

101 Brooks to Dacre, 30 March and 12 April 1841, Brooks and Company Records, FM4/2348.
meet drafts. At the formation of the Union Bank, in which he was involved, Brooks had recommended that bills of lading should not be taken as security for bills drawn against shipments to the colony. This policy had not been followed by the Bank of Australasia, which openly sought bills of lading as security for drafts. But because of Dacre's failure to remit funds, Brooks was forced to use this procedure to secure advances from R. Bourne and Company for goods supplied rather than have them paid to Dacre. 102 He sent invoices for some of his cargoes to James Sea, manager of the Sydney branch of the Union Bank, who was the brother-in-law of Dacre. By using the bank, he hoped that he "should be able to calculate with some degree of certainty when my funds are likely to come round". Despite his best efforts there was not a great deal that Brooks could do to recover his funds given the financial climate in the colony. He decided to coerce Dacre by sending power of attorney to Sea in the expectation that with the help of Robert Towns, who was to succeed Dacre as Sydney agent, the latter could be persuaded to sell his company shares, shipping interests and take a mortgage on his property to cover his debts. 103

In the event Dacre became another victim of the depression, and in July 1843 made over all his property to his creditors, which when sold realised £20,000. He became insolvent officially in June 1846, with debts in excess of


£54,000, of which he owed Brooks almost £30,000. He later settled in New Zealand, where he again became a prominent merchant and ship owner. 104

In general the total amount that was owed to particular merchants was small compared with their own debts, and in most cases was due from a large number of colonial firms and settlers, so that individual amounts were low in value. 105

In this connection the relative insignificance of the pastoral debt to merchants is of interest because of the importance of the merchants as a source of credit to graziers. The most likely reason for this is that much of the credit to the pastoral industry was by way of advances on wool and when the wool was sold in London the net value after charges was credited to the London account of the colonial merchant who made the advance. The local merchant in turn credited wool returns to the grazier's account current. The extent to which this covered existing debt determined the merchant's credit policy towards individual graziers. 106

The history of commercial failures shows, in general, that "the seeds of disaster are sown in boom not in recession". This is particularly true of the depression of the 1840s, when the preceding period of excessive credit and

104 ADB, Vol. 1; Insolvency File, AONSW, 2/8801.
105 See Appendix 3.
106 Towns to W. Trappett, 10 and 12 February 1849, Towns Papers MSS 307, Item 114; Towns to E. Nichols, 27 April 1848, ibid.
the feeling that expansion could continue indefinitely bred laxity and over-confidence in business affairs. This was symbolised in the fate of the Australian Auction Company, which was essentially a merchant consortium. It commenced operations with high hopes and given the amount of business it undertook, with sound management should have been successful. But there were rumours of directors and proprietors abusing their position by selling their own goods at inflated prices for long credit. The failure of this project was psychologically as well as financially damaging. It showed the inability of the leading merchants to conduct a relatively straight-forward enterprise and saddled them with bank debts and calls for additional share instalments.

The Supreme Court insolvency records and newspaper reports of insolvency proceedings show many examples of gross lack of proper management and regard for elementary business principles among the merchants. Apart from the Australian Auction Company these failings were evidence in other joint stock companies, the outstanding examples being the Royal Exchange Company and the Sydney Banking Company. Of individuals and partnerships J.T. Hughes exhibited a vague and cavalier attitude to business details, asserting that transactions above £1,000 were not recorded, but committed to memory. Lord and Haslingden admitted that they entered partnership in 1837 with no capital and in fact were

107 Sykes, Two Centuries of Panic, p. 548.
108 ibid., p. 33; SMH, 16 March 1841.
in debt for £2,500 and £3,000 respectively. Later while trading on credit they each withdrew funds from the partnership for their private use. 109

It seems that the indiscriminate use of business funds for private use was common. The book keeper of R.G. Dunlop and Company attested that the "affairs of Dunlop and Company and Dunlop are so combined it is almost impossible to make a separation". 110 This was bound to occur where merchants were engaged in land speculation and stock raising, and was very evident in the case of large defaulters like Lord, Spark, Richard Jones and Hughes and Hosking.

An extreme example of the type of slackness in business fostered by the boom conditions of the late 1830s was evident in the insolvency proceedings against R.C. Gordon, a non-exporting merchant. He came to the colony in 1838 with about £6,000 worth of goods and thereafter never bothered to consult his books. No balance was struck when he took a partner in 1840 and the partner made no formal enquiry on the state of Gordon's affairs. Gordon did not employ competent book keepers and had only the vaguest notion of his financial affairs at any time. 111

109 Insolvency Files, AONSW, 2/8661, 2/8748.
110 ibid., 2/8729.
111 SMH, 21 February 1823.
Some merchants who had been regarded as pillars of respectability for many years succumbed to dubious and even fraudulent methods to avoid the stigma of insolvency. Prosper De Mestre was found guilty of misappropriating to his own use funds from the insolvent estate of Duke and Company for which he was a trustee.\textsuperscript{112} Both Spark and Edye Manning were extensively examined before the Chief Commissioner and the Supreme Court in relation to their indebtedness to the Bank of Australia, and their certificates of discharge were opposed by the bank under the terms of the amended Insolvent Law, mainly on the grounds of contracting debts they knew they had no chance of repaying.\textsuperscript{113}

In handing down his decision in the case of Spark, the Chief Justice concluded that it had been established that Spark, who was Deputy President of the bank, and one or more other directors with the connivance of the bank Cashier W.H. Mackenzie, had discounted or renewed bills without the direct knowledge of the other directors, although Mackenzie swore that the other directors knew of the transactions.\textsuperscript{114} By June 1841 Spark had renewed bills to the value of £25,000 by this method. In 1841 Spark had lodged property deeds with the Cashier as security for his bank loans, which he claimed were worth £42,000. When the bank's affairs were formally investigated in 1843, Spark's mortgaged property

\textsuperscript{112} ibid., 6 May 1844.

\textsuperscript{113} ibid., 4 October and 16 December 1844; Spark Diary, p. 166ff.

\textsuperscript{114} SMH, 16 December 1844.
was valued at a mere £8,000. In referring to the Cashier and directors who had participated in the mutual endorsement of bills, of whom the main culprits were Spark, John Lord and Edye Manning, and the other directors who had apparently ignored the practice, the Chief Justice remarked that "the most culpable indifference or carelessness in this unfortunate matter seems to have characterised both parties". 115

The Court ruled in favour of granting Spark and Manning their certificates on the grounds that the renewal of outstanding bills was made with the knowledge of the Cashier who was the responsible officer of the bank. Spark strongly rejected accusations of wrong doing by himself or Mackenzie, as he had lodged security with the bank. 116 He regarded himself as a victim of circumstances in that he did in a rather more blatant way what other directors of the Bank of Australia and other local banks did for each other and their friends in endeavouring to remain solvent as the depression deepened in 1842 and 1843. 117

The winding up of the affairs of the larger defaulters often involved numerous and protracted court actions. The trustees of T. Gore and Company, for example, received court approval for a commission of five percent on the estate

115 ibid.
116 ibid., 11 September 1843.
because they had to prosecute forty actions. The cases of insolvents indebted to the Bank of Australia dragged on for years. Spark's estate was not finally wound up until 1849 and the affairs of Hughes and Hosking were not settled until 1851.

It is not possible to determine the precise reasons why some merchants survived the depression while others failed. But it is reasonable to suppose competent management, the circumspect use of credit, particularly bank credit, and adequate capital support from British associates were important factors for survival. The majority of failures occurred among merchants of relatively long standing in the colony. Of the twenty-eight listed in Appendix 2, twenty-one had been resident for at least ten years and so had become deeply involved in company formation and land and stock speculation. Being among the leading 'respectability' of the colony, they had access to substantial credit.

The failure rate among joint stock companies bred a distrust of such enterprises and a subsequent tendency to rely on government initiative, particularly in the transport field. The duplication of names among directors of the companies suggests that an "extremely active capitalist oligarchy" was responsible for the outburst of company formation, of which the merchants formed the most

118 SMH, 21 October 1842.
substantial component.\textsuperscript{120} With the exception of Benjamin Boyd, the members of the depleted merchant community in the post depression years showed none of the flamboyance and high public profile which had been characteristic of the commercial and social activities of merchants like A.B. Spark, Richard Jones and J.T. Wilson in the boom years. After 1844 leading merchants like Lamb, Donaldson and Thomas Walker gained public notice in the political field as members of the partly elected Legislative Council.

Of those merchants who became insolvent many disappeared from the commercial scene or continued to operate on a reduced scale. For instance, Thomas Gore joined briefly with George Griffiths when the latter retired as superintendent of the Bank of Australasia. Spark continued his import-export business in a small way until his death in 1856. De Mestre died in 1844. Edye Manning continued in business in coastal shipping, while Francis Mitchell and Henry Moore were still active as shipping agents in 1848. Robert Campbell Jr. continued in business with his son Robert Campbell Tertius, and Alexander Campbell of Campbell, Hill and Company continued in a successful partnership with James Nelson Smith from Calcutta, as Smith and Campbell. J.B. Montefiore set up as a merchant in Adelaide. J.W. Gosling, who had taken over the firm of Aspinall Browne and Company on the retirement of Richard Aspinall in 1842, resumed trading on his own account as agent for Reid Irving.

\textsuperscript{120} Abbott, 'Joint Stock Companies', p. 24; Kolsen, 'Company Formation', pp. 18-20.
and Company. Others like Richard Jones, Grose and Mosman retired to the country, the first becoming a large landholder in southern Queensland.\textsuperscript{121}

\textsuperscript{121} ADB, Vols. 1 and 2; \textit{Spark Diary}, p. 175ff; \textit{Shipping Gazette}, 1844-1851.
CHAPTER 11

THE POST-DEPRESSION YEARS 1845-1851

The period following the depression in New South Wales was one of slow and in some respects painful recovery. Between 1846 and 1849 the annual value of imports barely reached that of 1840. At the same time export income, which depended almost entirely on wool and tallow, increased by only a little over ten percent, although the amount of wool exported increased by about thirty-five percent. This relative economic stagnation was accompanied by a slow population growth, with resulting increased labour costs to the pastoral industry. There was also only slow progress in the moderate level of manufacturing activity in the colony in the post-depression years. Town gas manufacture and sugar refining which had commenced during the depression continued. There was some increase in iron and brass founding and tanning and a start was made on copper and smelting. A few attempts at copper mining in New South Wales were abortive. The only new ventures of commercial consequence which attracted attention in the late 1840s were local railways and steam navigation between England and the colony. But neither of these two revolutionary transport developments were to be in operation by mid century.

Because there were comparatively few commercial ventures in the immediate post-depression years, this period represents something of an interregnum between the economic trauma of the depression and the new era ushered in by the
gold discoveries. As a consequence there is a scarcity of information on the activity of the merchants in dealing with post-depression difficulties, as they were not such as to merit much public attention.

The principal reason for the slow recovery from the depression was the slump in wool prices between late 1845 and 1849 associated with an economic down turn in Britain. This followed several years of economic expansion fuelled largely by an outburst of railway construction which reached its peak in late 1845. The boom was accompanied by a rise in commodity prices including wool in 1844, and to the second half of 1845. But a government backed call up of railway shares precipitated a crisis in late 1845. A financial slump in the United States in 1847 accelerated deflationary pressures in Britain, and an additional commercial uncertainty was introduced by the European revolutions and counter-revolutions in 1848. Of particular concern to the Australian colonies was a contraction of the British Eastern trade, which had become highly speculative following the conclusion of the Opium War in 1842. When the money market tightened between 1845 and 1847 the India and China trade suffered a heavy setback and some well-established firms were forced to suspend payment. Of approximately fifty British overseas traders affected, the following were engaged in the Australian trade (Table 45).

TABLE 45
LIABILITIES OF BRITISH MERCHANTS IN THE AUSTRALIAN TRADE – 1847

<table>
<thead>
<tr>
<th>Firm</th>
<th>Estimated Liabilities (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reid Irving and Company</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Cockerell, Larpent and Company</td>
<td>800,000</td>
</tr>
<tr>
<td>Gower, Nephews and Company</td>
<td>600,000</td>
</tr>
<tr>
<td>Lyall Brothers and Company</td>
<td>400,000</td>
</tr>
</tbody>
</table>

The final years of the decade saw a general recovery in Britain. At the beginning of 1850, "the domestic affairs of the British nation presented a tranquil and, with partial exceptions, a cheering aspect". 3

Meanwhile in New South Wales, although there were clear signs that the colony was emerging from the depression in 1844, the improvement in commercial conditions was slow. Stock prices were rising, but confidence was still "at a heavy discount". 4 Despite increasing local wool prices in 1845 the legal wrangle between the Bank of Australasia and the failed Bank of Australia was seen as causing a continuation of "that lack of confidence which has so long beset the colony". 5 Many of the Sydney merchants were

2 SMH, 8, 9 and 26 February and 4 March 1848.
4 Towns to Brooks, 6 September 1844, Towns Papers, MSS 307(122); SMH, 1 January 1845.
5 Towns to Kirkaldy and Son, 24 April 1845, Towns Papers MSS 307(111); Donaldson Jr. to H. Gordon, 1 April 1845, Donaldson Papers, A730; Votes and Proceedings, Vol. 2, 1844, Evidence of Lyons, Barker, Salting and Dawes before the Select Committee on the Bank of Australia Bill.
shareholders in the Bank of Australia and they feared that they would have to make good the losses suffered by the Bank of Australasia in supporting the former bank prior to its collapse. The debt was finally satisfied by a lottery for some of the properties of the Bank of Australia in 1849, followed by an auction in 1850 and 1851. ⁶

The 1840s was a decade of relatively slow population growth compared with the 1830s, when population had trebled. The cessation of transportation and the slowing down of immigration because of the lack of funds from land sales, resulted in a population growth of slightly over fifty percent, from 117,000 to 181,000 between 1841 and 1851. ⁷ This led to a shortage of labour and higher costs in the pastoral industry. At the same time the London merchants, who had suffered losses due to oversupply of manufactured goods and the defaulting of local debtors during the depression, were much more cautious than previously in consigning to the colony. A substantial slowing down in the value of imports and a relatively static return from exports until 1850, when it was augmented by higher wool prices and exports to California, is apparent in Table 46.

⁶ Butlin, Australian Monetary System, p. 345-354.
The quantity and value of wool exported from Sydney between 1845 and 1851 is given in Table 47.

**TABLE 47**

**QUANTITY AND VALUE OF WOOL EXPORTED FROM SYDNEY 1845-1851**

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity (lbs.)</th>
<th>Value (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1845</td>
<td>10,522,921</td>
<td>612,705</td>
</tr>
<tr>
<td>1846</td>
<td>10,072,570</td>
<td>668,544</td>
</tr>
<tr>
<td>1847</td>
<td>12,000,073</td>
<td>696,878</td>
</tr>
<tr>
<td>1848</td>
<td>12,445,048</td>
<td>683,623</td>
</tr>
<tr>
<td>1849</td>
<td>13,396,525</td>
<td>663,965</td>
</tr>
<tr>
<td>1850</td>
<td>14,270,622</td>
<td>788,051</td>
</tr>
<tr>
<td>1851</td>
<td>15,269,317</td>
<td>828,342</td>
</tr>
</tbody>
</table>

The post-depression London wool price rose to approximately one shilling and tenpence to two shillings and threepence per lb. in 1845 and then fell to between one shilling and eightpence and two shillings in 1846. It decreased further in 1847 and then rose gradually to between one and two shillings in 1850. The local prices reflected the depressed conditions in England, so that while the amount of wool

8 Returns of the Colony.
9 ibid.
exported grew by approximately forty-five percent, the annual value rose by only thirty-five percent. The price of tallow fluctuated, but was generally above £2-5 in London until 1849, after which it varied between £1-15 and £2 per cwt. 10

The remarkable growth of the Port Phillip district is evident in the value of its exports which at £1,041,796 was just below that of Sydney in 1850. In the same year the wool exported from Port Phillip (18,091,270 lbs. valued at £826,190) exceeded that from Sydney by a substantial margin. 11

With the decline in whaling, the colony depended on the pastoral industry - wool, tallow, stock and hides - for the greater part of its export income. The early signs of recovery from the depression followed by the decline in wool prices led to an increased level of debt among pastoralists. It also created difficulties for the merchants, both as graziers themselves and as creditors to the pastoral industry. In 1848 and 1849 the colony was in a "painful state", with settlers "nearly all beggars". 12 In February 1849 the Herald reported that the colony "as a pastoral

10 SMH, Reports of London prices, 13 November 1845, 13 September 1848, 1 September 1849, 22 November 1849, 15 October 1850 and 24 December 1850.

11 Returns of the Colony.

12 Towns to Bourne and Company, 30 June 1848, Towns Papers MSS 307(114); Towns to Brooks, 17 January 1849, ibid., MSS 307(123); Donaldson Jr. to A.F. Kemp, 21 April 1849, Donaldson Papers, A730.
country depending chiefly on the profits of its fleece, was perhaps never more seriously depressed than at present”. In 1850 the same paper lamented the legacy of the depression of the early 1840s in stating

there is a class of persons, and a highly respected class, who are still suffering deeply from the disasters which commenced ten years ago. Comprising some of the oldest families in the land, long looked up to as the wealthiest and most influential of our merchants and landed proprietors that class has been visited with reverses of fortune which it is heart-rending to contemplate. 13

Prospects were seen to be brighter with the new decade, as wool prices rose in 1850 and 1851. The discovery of gold promised great changes and raised questions on the future of the colony's staple products.

The Sydney post-depression commercial community comprised a number of new arrivals as well as those who had not suffered insolvency and some resurgent insolvents. In all there were about twenty-five percent fewer merchants than before the depression.14 Foremost among the survivors were Cooper and Holt, Donaldson, Gilchrist and Alexander, Lamb and Parbury and Walker and Company. Donaldson returned to Sydney from London in 1844 to find his business had suffered losses. He separated from Dawes and continued as a merchant on his own account. He was elected to the Legislative Council in 1848. Walker and Company were less active in overseas trade than formerly, concentrating on

13 SMH, 23 February 1849 and 1 January 1850.
14 F. Low, The City of Sydney Directory, 1844-45; Shipping Gazette, 1844-1851.
their pastoral interests. Thomas Walker was a member of the Legislative Council for a short time and devoted much of his energy to his pastoral activities. William Walker was also in the colony in the middle and late 1840s to attend to the Company's pastoral interests which had experienced losses during the depression.  

Of the merchants who were prominent in the late 1840s and 1850s, some arrived or established themselves during the depression. Two such successful partnerships formed during the early 1840s were those of Flower and Salting and Griffiths and Fanning. Following the death of Phillip William Flower's original partner, Thomas Marsden in 1837, he had traded on his own account until 1842, when he formed a co-partnership with Severin Kanute Salting, his uncle Henry Flower of London and John Henry Challis. Challis had been a clerk with Marsden and Flower and was later a benefactor to Sydney University. The co-partnership was known as Flower, Salting and Company in Sydney and P.W. Flower and Company in London, whence P.W. Flower returned in 1843. The articles of the partnership were detailed and were drafted in the light of the difficulties due to unbusinesslike practices revealed by the depression. Requirements were particularly stringent in respect to the

use of partnership funds for private purposes and the maintenance of adequate business records. 16

George Richard Griffiths came to Sydney in 1838 as Inspector and Superintendent of all branches of the Bank of Australasia. He resigned from this position in 1842 and joined briefly with Thomas Gore as Griffiths, Gore and Company. The partnership was dissolved in 1843, when he joined with William Fanning, a new arrival from London in his mid twenties, who apparently had financial backing, probably from John Gore and Company, for whom the new firm remained agents. 17

Prominent among the new arrivals during the depression were Benjamin Boyd; John Edward Lyall, John Thacker and Robert Towns. They had probably been influenced in their decision to come to the colony by the boom conditions of 1839 and 1840. In any case they all had London mercantile affiliations and hence access to British capital and were interested in the wool trade or pastoralism or both. They were thus in a position to take advantage of low stock, commodity and property prices in 1842 and 1843. Boyd was a stockbroker whose father was a London merchant. He was the most colourful of all the merchants who sought their

16 Broeze, 'Foundation of Fortune', p. 51ff; SMH, 28 December 1842.
17 ADB, Vol. I.
fortunes in the colony. He had grandiose schemes for further developing the resources of Australia and its adjacent islands. He approached the Colonial Office for permission to select areas on the coast for harbours and coaling stations for the four steam ships he intended to dispatch for coastal and inter-colonial trade. He also proposed to take up pastoralism on a large scale. To finance these projects he established the Royal Bank of Australia in London in 1840, with himself as a director and his brother Mark as manager. In 1841 he founded the Australian Wool Company of which debentures to the value of £15,000 were deposited in the Royal Bank.

Boyd arrived in Sydney in 1842. He was preceded by two steamers, the Sea Horse and the Juno and followed by the Velocity and the Cornubia. These steamers were used in coastal trade to Port Phillip and Van Diemen's Land. Within a few years Boyd had re-established bay whaling at Twofold Bay, as well as controlling a sperm whaling fleet of nine vessels. He acquired around twenty stations totalling almost half a million acres and also engaged in general overseas trade. The labour shortage in the late 1840s induced him to import some 200 Pacific Island natives to

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work as shepherds, but they proved unsuitable and had to be returned. Boyd was the archetype of the financial entrepreneur; an adventurer with few scruples intent on building a pastoral and commercial empire for himself. He was the doyen of merchant-graziers and as the president of the Pastoralists' Association was a leader in the squatters' struggle to gain tenure of their leases. He represented the squatting interest in the Legislative Council in 1844 as the member for Port Phillip.

The comparative ease with which Boyd obtained financial backing for his ventures indicates that even in England there were expectations that the boom conditions of the late 1830s and early 1840s in the colony would continue. However, the depressed wool and stock prices during the depression and afterwards militated against the rapid pastoral expansion indulged in by Boyd and he was led to falsify stock prices to his London directors. The Royal Bank did little business other than sell bills on London and issue notes in Sydney. Its main purpose was to finance Boyd's ventures. His misappropriation of its funds led to its collapse in 1849. He then sailed for California and was eventually killed by the natives in the Solomon Islands in 1851. The only evidence of his meteoric rise and fall are a few relics of Boyd Town at Twofold Bay.

John Edward Lyall was a member of the London merchant house of Lyall Brothers and was a director of the London-based Australian Colonial and General Life Assurance
Company. He arrived in 1841 and set up Lyall, Scott and Company as agents for Lyall Brothers.\textsuperscript{19} John Thacker was the father-in-law of Edward Hamilton, a prominent grazier, friend of the Macarthurs. He also had family commercial affiliations in London as well as business connections with Magniac Jardine and Company. Thacker and Mason, the firm he established soon after arrival, took over the business of M.D. Hunter and Company as agents for Magniac, Jardine and Company.\textsuperscript{20} One of the most successful wool brokers, Thomas Holt, son of a Yorkshire wool merchant, came to Sydney in 1842, claiming to have been motivated to do so by reading J.D. Lang's account of the colony. By 1848 he was exporting in excess of 2,000 bales annually.\textsuperscript{21}

The financial uncertainty of the later years of the decade was not conducive to the emergence of many joint stock companies. Of the rash of such local companies formed up to 1841, only the Hunter River Steam Navigation Company, the Australian Gas Light Company, the Commercial Banking Company of Sydney and the General Assurance Company survived the depression. All the local life assurance companies succumbed, and the only locally formed fire company was the Sydney Fire Insurance Company formed in 1844. This company flourished, despite the establishment of Sydney branches of four London-based fire and life companies in 1845 and 1846.

\textsuperscript{19} SMH, 18 February 1841.

\textsuperscript{20} Australian, 7 May and 1 July 1842.

\textsuperscript{21} ADB, Vol. 4; H.T.Holt, An Energetic Colonist: A Biographical Account of the Activities of the Late Hon. Thomas Holt, Melbourne, 1972, pp. 5-6 and 17-18.
In 1848 the Australian Mutual Provident Society was formed, eventually to become the largest of such institutions in Australia. Early directors included Thomas Holt, Ebsworth, Mort and T.W. Smart.\(^{22}\)

The General Assurance Company was the only local source of marine insurance, and its performance was "not apparently very high, nor well directed". The main reasons for this decline were associated with the depression, when the discounting business, which was a lucrative side operation, fell off as did the premiums of ten to twelve percent per year on whaling ventures.\(^{23}\) As overseas trade expanded a number of marine insurance brokers opened for business in Sydney, offering policies with English companies. However, it was still general practice for overseas vessels to be insured in London, where premiums were lower because of the large volume of business transacted.

In the second half of the decade local investment was drawn towards mining and railway development. The boom in investment in copper mining in South Australia drew some capital from other colonies and encouraged a search for copper ore in New South Wales.\(^{24}\) The Molong Mining Company was formed in 1847 with a nominal capital of £5,000 in £10 shares. The merchants J.L. Montefiore and T.C. Breillat


\(^{23}\) SMH, 15 August 1845.

\(^{24}\) SMH, 8 January 1848, 14 May and 16 August 1849.
were among the directors. The company imported Cornish miners and smelting equipment, but its annual reports showed little progress in ore recovery and its operations were suspended in 1849. 25 The Belubula Mining Company was also formed with Donaldson and K.S. Salting as directors, and again there is no evidence that marketable ore was obtained. 26 A prospectus for the Bathurst Copper Mining Company was advertised early in 1849, but apparently failed to attract investors. 27 All these struggling ventures were to be swept away by the gold discoveries of 1851.

**Railways and Steam Navigation**

It is not surprising that an interest in railways developed in the late 1840s, following the great railway boom in Britain which reached its peak in 1845. The first local initiative on railway construction was taken in 1846, when a public meeting took place at the behest of Charles Nicholson, a member of the Legislative Council, on behalf of a London based railway company. The meeting was well attended, but Wentworth and James Macarthur dampened some of the enthusiasm for railways by advising caution in undertaking the large expenditure involved without thorough investigation, in view of the vast distances and sparse

25 *ibid.*, 9 April and 10 July 1847, 6 January and 25 September 1848, 19 July and 8 October 1849.

26 *ibid.*, 6 August 1849; Donaldson Jr. to H. Dangar, 10 March 1849, Donaldson Papers, A730; Donaldson Jr. to R. Rothery, 11 April 1849, *ibid*.

27 SMH, (Supp.) 1 January 1849.
The next significant move was the setting up of a select committee of Council in 1848 and following the favourable report of the committee, the Sydney Tramroad and Railway Company was formed with Charles Cowper as manager and president. The merchants John Lamb and Thomas Holt, Samuel Lyons, Abraham Moses, William Walker, Thomas Barker and T.S. Mort were on the provisional committee.

The success of the company depended on obtaining government support similar to that granted to railway companies in the North American colonies, by way of guaranteed interest on capital and grants of land for tracks and stations. A request for this type of assistance for the local company was referred to London by the colonial government for approval. Not much further progress was made, apart from route surveys to the south west and west until the gold discoveries gave fresh impetus for lines to Parramatta and Goulburn.

Parallel with their interest in railways, the colonists directed their attention to steam communication with Britain. From the mid 1830s they had the benefit of steam navigation between ports on the Australian coast. As international steamer links were extended in the 1840s the

28 ibid., 30 and 31 January 1846.


30 ibid., p. 38.
problems of communication between British and local merchants prompted them to press for a steam service between England and the Australian colonies. British merchants, having more at stake were the most active in pursuing schemes for a regular service. In the colonies the various schemes were debated on the basis of the route which would be most advantageous to a particular colony and a general desire to have a facility already enjoyed by other parts of the British Empire like the West Indies and India.

The transit time for mail between London and Sydney by merchant sailing ship was around four months. By the mid 1840s, this time could be shortened by sending mail via the steam ship service from India to Suez, from whence it went overland to Alexandria and then by steam ship to England. This was marginally quicker than by sailing ship, depending on the connection between sail transport from the colony and the steam service. In an attempt to speed communication, the British Post Office instituted a monthly sailing ship packet service from London or Liverpool to Sydney. This service commenced in 1844, but the packets generally took over 100 days for the voyage and were slower than the average merchant ship.31

The first official move to foster steam communication with Britain was made in 1845 when the New South Wales Legislative Council endorsed an address to the Queen that a

subsidised steam mail service be provided to the Australian colonies on the same basis as that to the North American and West Indian colonies. Following meetings of merchants in Sydney in March and August 1846 to discuss steam communication with England, a petition signed by thirty individuals and sixteen mercantile companies was presented to the Legislative Council urging representation to the British government to initiate steam navigation to the colony via Singapore.  

A Select Committee on Steam Communication was set up, which reported in October recommending the route via Singapore and Torres Strait. It also recommended that the Governor be requested to appropriate £6,000 per annum for three years to contribute to the estimated subsidy of £50,000 which would be required to support the service.

Although Lamb was a member of the Select Committee, he had reservations on the necessity for expediting steam communication between Britain and the Australian colonies. He was not convinced that the proposed expenditure of £6,000 by the colony as a subsidy for steam navigation was justified to reduce the time of the voyage to and from Sydney from around 100 days to seventy days. In his opinion local merchants had "no great anxiety" for faster communication. It was the British merchants that would benefit most from a rapid mail service and Britain should

32 SMH, 6 and 13 March and 28 August 1846.

pay the whole cost. Thereafter there was almost continuous agitation from the Australian colonies and British merchants and their political representatives to urge the British government to provide funds for a monthly mail steam service. There was resultant political jockeying by the colonies and shipping companies in promoting the various routes which would best serve their particular interests. In response the Colonial Office and the Treasury resorted to delaying tactics, partly because of financial stringency and partly because of the conflict between the most economical and viable route, and the opening up of additional routes of naval and political importance. There was also the conflicting interests of the East India Company and the Peninsula and Orient Steam Navigation Company concerning their operations on various parts of the eastern route.

The impasse was not resolved until 1851, when the P&O Company gained the contract for all mail services to Asia and Australia. The route to Sydney was to be via Singapore, Batavia, Swan River, Adelaide and Port Phillip. The contract price for the whole route was £199,600 per year, for a bi-monthly service. The time from England to Sydney was not to exceed seventy days. Early problems due to delays and breakdowns and the intervention of the Crimean War resulted in the postponement of a continuous regular steam service until 1860. In the meantime a packet service

34 ibid.
35 Robinson, Carrying British Mails, p. 189ff.
of fast sailing ships was capable of completing the passage in under one hundred days. 36

Generally there was no sense of great urgency among the Sydney merchants for steam communication with Britain. They were conscious of the ultimate benefits to be derived from the transport revolution being brought about by long distance steam navigation and railways. But in the post-depression period they were more concerned with adjusting to the conditions of slow commercial growth than expending energy on projects which were ultimately dependent on decisions by the British government.

Foreign and Inter-Colonial Trade 1845-1851

The post-depression slowing down in the rate of increase in both imports and exports through the port of Sydney was evident in most areas of seaborne trade. In particular, growth in the direct import of overseas goods to Port Phillip and South Australia affected both the amount of overseas trade coming through Sydney and the amount of re-exports shipped between Sydney and the southern settlements. However, there was a rise in regular trading in locally produced goods between Sydney and Port Phillip and Sydney and South Australia, stimulated by the rapidly growing populations of the newer colonies.

Sugar from Manila, Java or Mauritius and tea from China still comprised the main imports from countries other than

36 ibid., pp. 191-197.
Britain. The amounts imported fluctuated from year to year as the trade was still highly speculative. It showed a general downwards tendency in the last years of the decade, as these products were increasingly unloaded at ports other than Sydney. The value of imports of sugar and tea is given in Table 48.

**TABLE 48**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sugar (£)</th>
<th>Tea (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1845</td>
<td>112,297</td>
<td>30,995</td>
</tr>
<tr>
<td>1846</td>
<td>87,254</td>
<td>97,478</td>
</tr>
<tr>
<td>1847</td>
<td>119,912</td>
<td>200,659</td>
</tr>
<tr>
<td>1848</td>
<td>100,608</td>
<td>65,184</td>
</tr>
<tr>
<td>1849</td>
<td>69,394</td>
<td>78,822</td>
</tr>
<tr>
<td>1850</td>
<td>70,663</td>
<td>39,527</td>
</tr>
<tr>
<td>1851</td>
<td>109,466</td>
<td>47,982</td>
</tr>
</tbody>
</table>

The swing from glut to scarcity in imports of sugar and tea was a feature of speculative trading. But as there was only a small number of merchants involved in this trade, it was open to manipulation to maintain colonial prices at a high level, irrespective of the supply. There were frequent public complaints of monopoly in the sugar and tea markets due to the collusion of a few merchants. When a cargo arrived, a number of merchants usually agreed to purchase it in conjunction with the importer -

37 Returns of the Colony.

38 Australian, 24 March 1842; SMH, 11 March 1843 and 1 March 1844; Towns to Brooks, 21 January 1845, Towns Papers MSS 307(122); Towns to Brooks, 5 and 25 November 1847, ibid., MSS 307(123).
by promissory notes at six, nine and twelve months, and sold it for bills at four, five and six months; these bills were discounted, and with the proceeds of one cargo they were thus enabled to purchase two or three.

Merchants reported to be engaging in this practice in the mid 1840s were Boyd, Lamb and Parbury, Fanning, Flower and Salting, and Campbell and Company. Not surprisingly the latter three together with Smith and Campbell and Thacker and Company were the main traders to Eastern ports in the middle and late 1840s.

Exports of colonial products to countries other than Britain, the Australian colonies and New Zealand were negligible, varying from about £3,000 to £16,000 per year. An exception was the export of horses to India which revived from the middle of the 1840s, when up to 2,000 were exported annually. A flat rate of £25 per horse was charged as freight, which covered all costs of the voyage. Although up to twenty-five percent of the horses died on the voyage, if well managed the trade could be profitable for both breeders and merchants, returning up to £18,000 annually. Robert Towns and Smith and Campbell together with a number of graziers such as James and William Macarthur, J.B. Bettington and Henry Dangar were the principal participants.

39 G.S. Tucker to A.S. Keating, 14 April 1835, Edward Cook Papers MSS B1425; Votes and Proceedings, 1843, Evidence of S. Lyons before the Select Committee on Monetary Confusion.

40 SMH, 8 July 1848; Towns to Brooks, 21 January and 10 May 1845, Towns Papers, MSS 307(122); Shipping Gazette, 1844-1851.
in the trade. Another exception was the export of colonial products to the United States, which increased from negligible proportions to approximately £20,000 in 1849 and almost £50,000 in 1850 to support the Californian gold rush via the port of San Francisco.

Exports to New Zealand ports, mainly Port Nicholson, Port Nelson and Auckland consisted of livestock, including a substantial number of horses, a range of local products and re-exports. As can be seen in Table 49, the value of imports decreased throughout the period due largely to the decline in whale oil production and in shipments of copper ore. Following the assumption of British sovereignty and the stepping up of immigration, goods started to be imported directly from Britain, so decreasing the value of Sydney re-exports towards the end of the period. The total value of exports from New South Wales was also affected by the supply and demand situation for stock in New Zealand. In 1847 and 1848 oversupply of the market occurred, prices fell and shipments were reduced. Apart from Smith and Campbell who imported copper ore, none of the leading Sydney import-export merchants were involved in importing from New

41 Towns to A. Wyndham, 14 August 1848, Towns Papers MSS 307(114); Towns to C. Doyle, 12 June 1850, ibid., MSS 307(110); Returns of the Colony; A.T. Yarwood, "The Indian Business": An Outline of the Origins of Horse Exports from Australia to India', JRAHS, Vol. 73, Pt. 1, 1987, p. 48ff.

42 Returns of the Colony.

43 ibid.; Shipping Gazette, 1844-1851.

44 SMH, 9 June 1848; Shipping Gazette, 10 June 1848.
Zealand. It was left to lesser traders like W. Wright, John Macnamara and R. and E. Tooth the brewers, the latter having particular interest in barley and other grains.45

TABLE 49

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports (£)</th>
<th>Exports (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1845</td>
<td>34,094</td>
<td>76,857</td>
</tr>
<tr>
<td>1846</td>
<td>23,183</td>
<td>105,531</td>
</tr>
<tr>
<td>1847</td>
<td>26,971</td>
<td>117,489</td>
</tr>
<tr>
<td>1848</td>
<td>8,982</td>
<td>163,938</td>
</tr>
<tr>
<td>1849</td>
<td>25,244</td>
<td>91,255</td>
</tr>
<tr>
<td>1850</td>
<td>12,385</td>
<td>96,002</td>
</tr>
</tbody>
</table>

It is difficult to be precise regarding the trade between Sydney and other Australian colonies and Port Phillip, as the available statistics list imports to the Port of Sydney from all British colonies except New Zealand under one heading, and so include imports from Mauritius and India.47 Exports from Sydney to other colonies poses a similar problem, as Port Phillip was still within New South Wales, although statistics of imports and exports for Sydney and Port Phillip were published separately. A better guide to the state of trade within Australia is the number of trading voyages by colonial vessels between the main ports, as shown in Table 50.

45 ibid., 1844-1851.
46 Returns of the Colony.
TABLE 50
NUMBER OF COLONIAL TRADING VOYAGES IN AND OUT OF SYDNEY

<table>
<thead>
<tr>
<th>Port</th>
<th>1844 In</th>
<th>1844 Out</th>
<th>1848 In</th>
<th>1848 Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launceston</td>
<td>38</td>
<td>33</td>
<td>41</td>
<td>36</td>
</tr>
<tr>
<td>Hobart</td>
<td>25</td>
<td>19</td>
<td>33</td>
<td>30</td>
</tr>
<tr>
<td>Port Phillip</td>
<td>34</td>
<td>18</td>
<td>51</td>
<td>68</td>
</tr>
<tr>
<td>Port Fairy</td>
<td>1</td>
<td>-</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Port Albert</td>
<td>1</td>
<td>-</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Portland Bay</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Adelaide</td>
<td>14</td>
<td>11</td>
<td>44</td>
<td>35</td>
</tr>
</tbody>
</table>

There was only a small decrease in trade with Van Diemen's Land as there was a diminishing requirement for wheat imports. Trade with Port Phillip grew substantially, reflecting the approximate sevenfold increase in population during the 1840s. The district was an important outlet for timber, coal and some re-exported goods from Sydney and Newcastle. Return cargoes from Port Phillip, Port Fairy, Port Albert and Portland Bay comprised wool and tallow for re-export and some wheat. Trade with South Australia showed a similar expansion with copper ore for re-export and wheat being received in return for coal, timber and re-exports.

The main import-export merchants among some thirty participants in trade with the Port Phillip district and Van Diemen's Land were Flower and Salting, Gilchrist and Alexander, Lyall and Scott and Boyd and Company. Flower and Salting were largely engaged in return voyages to Portland.

48 Shipping Gazette, 1844-1851.
49 ibid.
Bay and Port Fairy, because Horace Flower, brother of Philip William Flower, operated as a wool buyer at Portland and later at Port Fairy. Wool was shipped to Sydney for loading to London. The principal traders to Adelaide were Smith and Campbell, Boyd and Company, R. and E. Tooth and Thomas Wooley.  

The stagnation in seaborne commerce in the years following the depression had a favourable effect on the colonial balance of trade. The annual value of exports through Sydney first exceeded that of imports in 1844 and this was repeated in 1845. The annual trade balance was only slightly adverse thereafter and by 1850 exports again exceeded imports in value. The low rate of imports between 1845 and 1851 reflected loss of confidence on the part of the local and British merchants and a drop in capital inflow following the financial shocks of the depression. Expectations about the rate of material progress of the colony were much more sober than in the heady days of the late 1830s. For the Sydney merchants this was a time to consolidate. The few commercial ventures that were promoted were based on an appreciation of long term benefits rather than quick profits. As the whaling industry declined to extinction and manufacturing made small progress, pastoralism was the dominant industry.

The merchants had to contend with the changed conditions brought about by the increasing amount of wool being

ibid. 50
produced and their greater dependence on the wool trade. They responded by adapting to modifications in the conduct of the trade and by maintaining their financial support of the graziers. While both merchants and graziers generally received small returns for their efforts in producing and exporting pastoral products in the late 1840s, by 1850 it was evident that wool prices were rising with the promise of better profits for the industry. Despite the difficulties the most successful of the merchant-graziers like Donaldson, Thomas Holt, Alexander Campbell and Salting laid the foundations of large fortunes in adapting to the changed commercial conditions following the depression.  

During the 1840s, the few remaining colonial whalers faced increased competition from the Americans in the Pacific sperm fishery. They were consequently forced to undertake longer voyages, often for marginally profitable results. This in turn led to unrest and sometimes mutiny on colonial whaling ships. Meanwhile, although the volume of pastoral products, principally wool and tallow increased markedly, the low price for wool resulted in sparse returns and mounting debt for growers. In order to maintain their own profitability and sustain the industry on which they depended, the merchants had to provide an increasing amount of credit to the pastoralists. As a measure of self-preservation some of them were forced to eschew the competition for consignments which had characterised the wool trade since the 1820s and to co-operate in the buying and shipping of wool.

Sperm Whaling

The depression reduced the participation of the Sydney merchants in bay and sperm whaling, with the removal of those most active in the trade such as Richard Jones, John Jones, the Wellers, Duke and Curtis, De Mestre, Thomas Gore and Mosman. In any case, bay whaling in New Zealand was in decline from the early 1840s because of over exploitation and there was no inducement for Sydney merchants to become
involved in the trade after the depression. By 1845 the amount of black oil exported was negligible, while that of sperm, although still significant was worth less than half the pre-depression value, as indicated in Table 51.

**TABLE 51**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sperm (£)</th>
<th>Black (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1842</td>
<td>54,761</td>
<td>17,742</td>
</tr>
<tr>
<td>1844</td>
<td>44,897</td>
<td>6,756</td>
</tr>
<tr>
<td>1846</td>
<td>61,358</td>
<td>5,062</td>
</tr>
<tr>
<td>1848</td>
<td>64,230</td>
<td>3,177</td>
</tr>
<tr>
<td>1850</td>
<td>28,474</td>
<td>330</td>
</tr>
</tbody>
</table>

Up to the mid 1840s, merchants who had been engaged in sperm whaling before the depression and had become insolvent, such as Henry Moore, Francis Mitchell and Hughes and Hosking were still reported as owners or part owners of whaling ships at sea. But by 1848 the colonial sperm whaling fleet was almost exclusively in the hands of three owners - Boyd and Company with nine ships, Alexander Fotheringham with eight and Towns with four.² Captain Fotheringham had come to the colony in 1832 with a patent slip which had been installed at Darling Harbour and he since had acquired extensive pastoral properties in the Hunter Valley.³ As ex-master mariners Fotheringham and Towns could be expected to have a better knowledge and

1. Returns of the Colony.
2. *Shipping Gazette, 1844–1851*, particularly 3 August 1844, 19 February and 12 August 1848.
understanding of sperm whaling than the merchants who had
earlier speculated in the industry. The latter had
abandoned it when pastoralism or land and property
speculations were more profitable or when the depression
intervened. There was never the prospect that whaling would
become the main occupation of an appreciable section of the
colonial community as it had in the New England ports of
Salem, New Bedford and Nantucket, the home ports of hundreds
of whaling ships over decades.

There was an overall decline in the use of whale oil in
the 1840s due to the availability of cheaper vegetable oils
for industrial purposes and the growing application of gas
for lighting. Sperm oil therefore never regained the high
prices of the late 1830s, but it retained a fairly stable
price of about £80 per ton during the 1840s. While a
profit could still be made from sperm whaling, "if properly
managed", ships had to remain at sea for longer periods due
to strong competition from the American whalers, who had
some 300 ships in the Pacific by mid 1840s. Also in the
later years of the decade there was a shortage of British
seamen, who in the main comprised the crews of colonial
whalers, due to the attraction of the Californian gold
fields. Additionally, as whales became scarcer and voyages
longer, the added pressure on crews led to mutinies, which

4 C. Enderby, Proposal for the Re-Establishing the British
Southern Whale Fishery, London, 1847; p. 10ff; Jackson,
The British Whaling Trade, p. 121; SMH, 24 January
1846, 9 June 1849 and 12 February 1850.

5 Towns to Brooks, 8 November 1847, Towns Papers, MSS
307(123); Enderby, Southern Whale Fishery, p. 11.
became "one of the great drawbacks of whaling out of this port". By 1849 some whalers were engaged in the more lucrative transfer of passengers and freight to California. The local gold discoveries heralded the end of whaling out of Sydney.

The whaling operations undertaken by the Sydney merchants in the 1830s and continued on a lesser scale by Boyd, Fotheringham and Towns in the late 1840s represented the last burst of activity in the search for staples off the mainland, which had been started by their predecessors in the early years of the century. Overall, whaling provided a useful fillip to export income which supplemented that of the growing wool industry and promoted merchants' entrepreneurial skills. In its heyday in the late 1830s it employed between two and three thousand seamen and some fifty ships. It created a demand for repair facilities although the only dock was the patent slip imported by Fotheringham, until the Fitzroy Dock at Cockatoo Island was commenced in 1847. Generally underwater repairs were carried out after heaving down in one of the sheltered bays on the north shore of the harbour. Whaling also stimulated

6 Towns to Brooks, 4 January and 21 September 1848, Towns Papers, MSS 307(123); Towns to G. Marshall, 8 May 1848, ibid, MSS 307(114).

7 Rush, 'Whaling and Sealing in Australian Waters', p. 15.

shipbuilding to some extent, as the annual tonnage of locally built ships increased from about 100 tons to 1200 tons between 1830 and 1840. But most of these vessels were under 100 tons burden and although some were used to take supplies, oil and other products to and from New Zealand, most were employed in the expanding coastal trade within New South Wales and with the settlements to the south. Most of the supplies required by the whaling fleet had to be imported, the only significant exceptions being ships' biscuits and salted beef; when the local product had a price advantage in the early 1830s and 1840s.

The colony gained a small benefit from the visits of American and a few British whale ships for supplies and repairs during the 1840s. These visits reached a maximum of over sixty in 1846 and arose because of the limitation on American whalers' access to the Bay of Islands for refurbishment following the annexation of New Zealand. American whalers exchanged oil for supplies and services, although there was a ten percent duty on the transhipment of oil from foreign vessels.

9 Votes and Proceedings, 1843, p. 457.
10 Shipping Gazette, 1844-1851.
11 Returns of the Colony.
It has been claimed that "whaling taught young Australians their trade". While this is probably true of the bay whaling carried on along the east coast of Van Diemen's Land, and around the southern coasts of the mainland, there was little participation of native-born colonials in Sydney based whaling ventures. The ships and New Zealand establishments were in general manned by British seamen who had 'left' their ships in colonial ports or by ex-convicts. If colonial youths took to whaling by way of adventure, it is unlikely that they would persist for more than one voyage or season, as the rewards were meagre compared with wages ashore. An ordinary or able seaman would normally get not more than 120th lay, which for a moderately successful whaling voyage of two years duration could give him less than £20 net.

One important result of the whaling boom was the stimulation of trade with, and investment in New Zealand leading to pressure on Britain to annex the islands, so that "the colony of New South Wales through its commercial and missionary contacts...played the greatest part in the


gradual movement towards British sovereignty over New Zealand". 16

The Wool Trade

The doubling of the amount of wool exported between 1841 and 1851 (see Tables 41 and 47) and the growth of tallow production led to the ascendancy of the pastoral industry as the predominant source of export income for New South Wales. However, as already indicated, the drop in London wool prices from 1846 in the wake of losses suffered by most graziers in the depression, made the second half of the decade a difficult period for pastoralists and to a somewhat lesser extent for merchants.

At the end of 1844, local wool prices were almost equal to those in London, so that graziers tended to sell their clip directly to merchants or auction it. As the exchange rate was up to seven and a half percent they considered that a quick return was preferable to consigning to London. 17 Late in 1845 the local price was up to one shilling and sixpence per lb. in anticipation of further rises, but the London price fell by fourpence to sixpence in mid 1846 and both graziers and merchants experienced losses. 18 By 1849

16 Tapp, Early New Zealand, p. 114.
17 Towns to Brooks, 23 December 1844, Towns Papers MSS 307(122); Towns to Chapman, Kinnear and Company, 3 January 1845, ibid., MSS 307(111).
18 Towns to Brooks, 16 October 1846, ibid., MSS 307(122); Towns to Coates, 3 December 1846, ibid., MSS 307(112); Spark Diary, pp. 175 and 182; SMH, (Supp.) 9 October and 10 November 1846.
the price was one shilling and twopence to one shilling and sixpence in London, yet even cautious traders like Robert Towns had to advance up to one shilling per lb. to meet competition from other local merchants and brokers, with the result that graziers and merchants again suffered losses. 19

In these years many graziers who had weathered the depression found themselves in grave difficulties, and had to mortgage or relinquish their properties. The Towns and Company papers give some sidelights on the gradual financial deterioration of some pastoralists for whom he acted as agent. A particular case was that of Captain Phillip Ditmas, a friend of Robert Brooks, who seemed to be in a sound position in 1844 when he was granted an advance on his wool by Towns. In early 1845 he owed Towns £700 and with the decline in wool prices and indifferent management, he fell more deeply into debt with no possibility of improving his position. In dozens of letters Towns admonished him for various impractical schemes he proposed to escape his deepening debt, but Ditmas developed a virtuosity in avoiding the inevitable. It was not until 1849 that he finally sold his stock to liquidate some of his debt, when sheep were selling for only one to two shillings per head. Francis Lord was another grazier who was in credit with

19 Towns to F. Lord, 17 February 1849, Towns Papers, MSS 307(114); Towns to E. Nichols, 21 February 1849, ibid.; Towns to R. Harris, 5 March 1849, ibid.
Towns in 1844, but owed him over £2,000 in 1849 with no chance of repayment without selling his sheep and station.²⁰

Some of the leading squatters also found themselves in a precarious position. Hannibal Macarthur became insolvent in 1848 and W.C. Wentworth had to mortgage property to the Bank of New South Wales.²¹ Wentworth tried to float a lottery to dispose of approximately £60,000 worth of his land on the lines of that conducted in the same year for the properties of the defunct bank of Australia. It was claimed that the lottery, which was banned by the Attorney-General, was the only way Wentworth could get the full value for his properties.²² By 1850 the economic outlook was improving. Local wool prices were rising, in line with those in London, and although tallow prices were lower than in former years, this was compensated to some extent by an improving yield from fat stock.²³

The increased amount of wool being produced led to more sophisticated and diverse arrangements being introduced to the colonial wool market in the 1840s. Also, with the decline in the number of import-export merchants from over sixty to just over forty, the way was open for a growing

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²⁰ Numerous letters from Towns to Ditmas and Lord, Towns Papers, MSS 307(111 and 114); Towns to O. Browne and Company, 15 December 1848, ibid, MSS 307(114).

²¹ New South Wales Government Gazette, 1848, p. 815.

²² SMH, 2, 15 and 19 February and 13 November 1849; Towns to W.C. Wentworth, 28 June 1848 Towns Papers, MSS 307(114).

²³ SMH, 8 November 1850, (T.S. Mort's Product Circular).
number of specialised wool brokers and for the regular local sale of wool at auction. A changed attitude to wool marketing was implicit in a circular sent to selected pastoralists by Stuart Donaldson on his return to the colony in 1844 after three years in England. He offered to advance one shilling per lb. on wool consigned through him to Donaldson and Lambert at no extra charge "except discount on bills on England which the bank may charge". He claimed that the object of his offer was to "induce a valuable connection for our London House and to do business with the settlers on a totally different system to that hitherto pursued". The circular was sent to well-established leading settlers such as Cox, Icely, Bowman, P.P. King and H.H. Macarthur and was applicable only to those "who ship at least fifty bales". 24 As a leading member of the establishment Donaldson preferred to deal with his peers. Smaller growers, who were considered to be a greater risk, were charged five to six percent on advances. 25 The Anglo-Australian banks also offered advances without interest on bills of lading to established customers, charging only exchange on funds transfer. The bank would either sell the wool and charge commission, or pass the bill of lading to a nominated London agent for sale. 26

24 S.A. Donaldson's Circular Letter to Graziers, 18 October 1844, Donaldson Papers, A730.

25 Towns to F., Lord, 8 March 1845, Towns Papers, MSS 307(111).

An important innovation in the marketing of wool was the facility for preferable liens on wool and mortgages on stock introduced by the Legislative Council in 1843. Between 1846 and 1850 the yearly number of liens on wool varied between 150 and 200 and mortgages on stock were in the same range.\textsuperscript{27} Although theoretically the measure gave the squatters access to bank credit at colonial rates of interest of eight to ten percent, in practice the banks lent only to established customers, and most of the liens were taken up by merchants.\textsuperscript{28} The prejudice of the banks against lending to graziers was illustrated by the evidence of William Hart, Superintendent of the Bank of Australasia, before the Lien on Wool Committee of the Legislative Council in 1845. He observed that if he was approached to grant a lien by an unknown settler, his advice would be that "you must come to us through your merchant".\textsuperscript{29} The selectivity of the banks in lending to graziers is reflected in the relatively small amount of wool they exported, which amounted to only around 600 bales in 1844.\textsuperscript{30} A particular advantage of having a lien on wool or mortgage on stock was that a grazier was not

\begin{footnotes}
\item[27] ibid., pp. 340-341.
\item[28] See Preferable Lien by William Aird to R. Campbell and J. Milson, 22 February 1849, Campbell Papers, MSS 2129/1; Barnard, Australian Wool Market, p. 118.
\item[29] Votes and Proceedings, 1845, Evidence of William Hart before the Committee on the Lien on Wool Act.
\item[30] Shipping Gazette, 21 June 1845.
\end{footnotes}
necessarily tied to any one merchant for the purchase of supplies or equipment. 31

Another aspect of wool marketing in the 1840s was the emergence of the regular wool auction. As already mentioned, 'wool only' auctions had been offered in the 1830s by Lyons and others, but there was limited demand for this service. By mid 1840s the leading auctioneers such as Lyons, Stubbs and Mort were all advertising free storage of wool prior to sale, special wool sales and cash advances if required. 32 By the end of the decade Mort had emerged as the leading auctioneer, not so much because he pioneered wool sales, but because of his business acumen and his 'respectability' as a member of the upper echelons of colonial society. 33 The so-called wool auctions were something of a misnomer, as they always included tallow and hides as well as wool. There was also a change to more regular wool sales in London with the transfer of auctions from Garraway's Coffee Shop to the more commodious Hall of Commerce at the Royal Exchange in 1843. 34

31 Votes and Proceedings, 1845, Evidence of W. Ogilvie before the Committee on the Lien of Wool Act; Donaldson to H.H. Macarthur, 3 March 1845, Donaldson Papers, A730.
32 SMH, 9 and 10 November and 11 December 1846.
34 SMH, 10 November 1846; Catalogue of Monthly Produce Sales by Mort and Brown, 1851, Campbell Papers, MSS 2129/1; S. Roberts, 'Wool Trade in the 1840s', p. 366.
The proliferation of wool washing, sorting and packing facilities was a further feature of the growing wool market. Middlemen like Frederick Ebsworth, Thomas Barker and a number of smaller operations provided these facilities as well as advances or purchase. Apart from the merchants, Barnard distinguishes wool middlemen as professional wool dealers, professional wool speculators and professional speculators. The most prominent professional dealer or broker was Ebsworth, agent for his father's London company of Marsh and Ebsworth. Between 1846 and 1848 Ebsworth despatched some 3,000 bales of wool to London. Apart from Thomas Holt Jr. who exported almost as much as Ebsworth, most of the dealers and speculators recognisable from newspaper advertisements exported less than two hundred bales annually, or consigned their purchases through local merchants. Barnard estimates that in the 1840s fifty percent of colonial wool was purchased by local merchants, thirty to forty percent was consigned by general colonial agents' for sale on growers' behalf and the remainder shipped by growers themselves. However, an examination of the list of wool exporters for the 1846/47 and 1847/48 seasons shows that approximately eighty percent of the clip

35 SMH, 15 April 1844, 10, 11 and 15 December 1846.
36 Barnard, Australian Wool Market, pp. 53-55.
37 ADB, Vol. 3.
38 Shipping Gazette, 16 December, 1848; SMH, Advertisements for wool treatment and purchase. In the 1846-1847 wool season sixteen merchants and seven processors and dealers advertised.
39 Barnard, Australian Wool Market, p. 47.
was exported by about thirty import-export merchants, around ten percent by brokers and the rest by growers. It is difficult always to distinguish between growers and brokers, as some brokers were also growers, but it is probable that merchants, brokers and growers were about equally represented numerically among around one hundred exporters. Flower and Salting were the leading exporters with in excess of 5,000 bales per year, followed by about fifteen other merchants and two brokers with over 1,000 bales. Almost sixty percent of exporters despatched less than one hundred bales.63

The leading exporters of wool from Sydney in the middle and late 1840s and their English agents were as follows (Table 52):

63 Shipping Gazette, 16 December 1848.
<table>
<thead>
<tr>
<th>Exporter</th>
<th>Quantity (bales)</th>
<th>Agent (Importer)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1846-47</td>
<td>1847-48</td>
</tr>
<tr>
<td>Flower, Salting and Company</td>
<td>5,041</td>
<td>6,368</td>
</tr>
<tr>
<td>Gilchrist and Alexander</td>
<td>2,381</td>
<td>2,815</td>
</tr>
<tr>
<td>Campbell and Company</td>
<td>3,397</td>
<td>992</td>
</tr>
<tr>
<td>Donaldson and Company</td>
<td>1,705</td>
<td>1,704</td>
</tr>
<tr>
<td>Montefiore, Graham and Company</td>
<td>1,661</td>
<td>1,608</td>
</tr>
<tr>
<td>Thomas Holt</td>
<td>1,083</td>
<td>2,020</td>
</tr>
<tr>
<td>Frederick Ebsworth</td>
<td>1,610</td>
<td>1,455</td>
</tr>
<tr>
<td>Swain, Webbs and Company</td>
<td>1,552</td>
<td>1,319</td>
</tr>
<tr>
<td>Cooper and Holt</td>
<td>1,427</td>
<td>1,481</td>
</tr>
<tr>
<td>Griffith, Fanning and Company</td>
<td>1,295</td>
<td>1,081</td>
</tr>
<tr>
<td>Armitage and Company</td>
<td>709</td>
<td>2,156</td>
</tr>
<tr>
<td>Walker and Company</td>
<td>1,669</td>
<td>1,189</td>
</tr>
<tr>
<td>Boyd and Company</td>
<td>1,437</td>
<td>1,315</td>
</tr>
<tr>
<td>A. Brierly</td>
<td>1,309</td>
<td>1,334</td>
</tr>
<tr>
<td>Ramsay and Company</td>
<td>1,521</td>
<td>821</td>
</tr>
<tr>
<td>R. Towns</td>
<td>849</td>
<td>1,461</td>
</tr>
<tr>
<td>Lyall, Scott and Company</td>
<td>960</td>
<td>1,068</td>
</tr>
<tr>
<td>W.C. Botts</td>
<td>1,124</td>
<td>780</td>
</tr>
<tr>
<td>Thacker and Company</td>
<td>915</td>
<td>961</td>
</tr>
<tr>
<td>J.W. Gosling</td>
<td>753</td>
<td>682</td>
</tr>
</tbody>
</table>

* It has not been possible to determine the agents for Montefiore Graham and Company and Abraham Brierly. In their advertisements both firms stated that they would send wool "to their friends in either London or Liverpool" (SMH 21/12/46, 4/1/47, 16/1/47)

41 SMH, Advertisements by merchants to advance on or purchase wool, particularly 23 and 25 January 1847; Shipping Gazette, 16 December 1848.
As might be expected the merchants involved in the five firms exporting most wool had been well established in Sydney before the depression, and so had stronger connections to the pastoral industry than later arrivals. The relatively low position in the list of Walker and Company reflects the switch in interest of the company from commerce to pastoralism after the depression.

In noting the increasing emphasis on local sale or auction of wool in the 1840s, issue must be taken with A. Barnard's statement that in the 1840s as well as the 1830s, mercantile resources for the purchase of wool "proved quite inadequate". He cites no real evidence to support this contention, and there is nothing in the press or private correspondence to suggest this was the case. Towns, in particular, was frequently surprised at the high advances and local purchase prices being offered, which sometimes almost equalled the last known selling price in London.

It is evident that, as in the 1820s and 1830s marketing arrangements developed to meet local requirements in the 1840s. This applied also to purchase and transport of wool from country areas, where brokers or merchants' agents located at centres like Bathurst, the Hunter Valley, Moreton Bay and the Port Phillip District arranged for purchase or

43 Towns to Brooks, 23 December 1844 and 21 January 1845, Towns Papers, MSS 307(122); Towns to Brooks, 5 February 1847, *ibid.*, MSS 307(123); Towns to J. Blyth, 24 January 1848, *ibid.*, MSS 307(114).
advances on wool and tallow. Merchants then made arrangements to ship the wool and tallow from convenient ports to Sydney, or for overseas ships to load at ports like Newcastle or Moreton Bay. There was additional pressure on the Sydney merchants to secure wool shipments in the late 1840s due to the spectacular growth in exports from Port Phillip. Between 1846 and 1850 the export of wool from Port Phillip increased from around 6,500,000 lbs. to 18,000,000 lbs., while that from Sydney rose from 10,000,000 lbs. to 14,000,000 lbs. The leading British merchants had agents in Melbourne and Geelong and it is apparent that wool went from areas north of the Murray River to the closer southern ports.

Some of the problems experienced by merchants in their dealings with graziers and with their London agents in connection with the wool trade in the 1840s are illustrated in the Towns correspondence. Robert Towns replaced the insolvent Randulph Dacre as Brooks' Sydney agent in August 1843. Despite his frequent and bitter lamentations of loss through Dacre, by the early 1840s Brooks had been a successful trader for twenty-five years. He was regarded by his peers as "one of the most honourable merchants in London". His letters show a keen business sense and a remarkable tolerance for what he regarded as the folly and

44 Maitland Mercury, 7 January 1846, 2 January 1847, 23 December 1848; SMH, 6 November 1844, 10 December 1846.
46 Returns of the Colony.
apparent deviousness of his Sydney agent. He was magnanimous in his attitude to Dacre after his insolvency, remarking in a letter to Towns that "not withstanding the dreadful loss I have sustained at his hands I must not allow him to sink". 47

Brooks clearly trusted and respected Towns more than he had Dacre. As shown throughout his voluminous extant correspondence, Towns was a more stable and resourceful merchant than his predecessor. But he still received strictures from Brooks, mainly over the perennial question of remittances. In the late 1840s, Brooks complained that Towns was discounting his (Brooks') drafts for the purpose of making advances on wool at what he considered a high rate. He maintained that "these advances to settlers are injurious to all parties". Brooks' caution was based on his expectation that "the shipment of wools will fall miserably short of the amount you have drawn against them". He cited one case where Towns had drawn £3,560 against 233 bales, which would be about £1,200 overdrawn on current prices. On another occasion Brooks notes that Towns had "a large amount of paper under discount", more than he ever had in his whole business career. 48

47 R. Carter to Towns, 18 December 1843, Towns Papers, MSS 307(172); Brooks to Towns, 31 July 1845, ibid, MSS 307(180); Brooks to Towns, 17 December 1847, ibid.

48 Brooks to Towns, 21 August 1948 and 17 December 1847, ibid.
In demanding low advances on wool, Brooks did not appreciate the pressure on colonial merchants occasioned by the competition to secure consignments, which made it necessary to advance up to one shilling and sixpence per lb. Brooks was quick to complain when he did not receive wool consignments to the extent he would have liked, which put Towns in the awkward position of attracting criticism whatever he did in times of declining prices. In the 1847/48 season, Towns shipped 1,461 bales of wool to Brooks, on most of which he advanced one shilling per lb. This would have involved an expenditure of at least £17,000. In order to continue advancing he drew bills on Brooks through the Union Bank at sixty days at the rate of one shilling per lb., secured by the bank holding the bill of lading. Brooks was not impressed by this procedure, regarding such bills "in the light of waste paper". But Towns countered by pointing out that it was only by using Brooks' credit to the full that he could maintain a high rate of consignment.

Towns showed great sensitivity to Brooks' good opinion, and constantly sought to serve his interests, even to the

49 Towns to Brooks, 11 July 1846, Towns Papers, MSS 307(112); Towns to F. Lord, 11 December 1848, ibid., MSS 307(114).

50 Shipping Gazette, 16 December 1848; Towns to Brooks, 12 January 1848, Towns Papers, MSS 307(123); Towns to J. Blyth, 24 January 1848, ibid., MSS 307(114).

51 Towns to Brooks, 29 December 1837, 12 and 18 January 1848, ibid., MSS 307(123).

52 Towns to Brooks, 27 April 1848, ibid.
point of servility, when he could say "I only wish my humble efforts may meet with your approbation". However, when the wool trade slumped in the late 1840s, a feeling of frustration emerged and he saw wool trading as an unrewarding occupation for which he got no thanks from Brooks. A particular point of contention was Brooks' reluctance to allow Towns to use his funds for preferable liens on wool, which put Towns at a disadvantage with other merchants. Towns reacted by ignoring Brooks and taking out liens in 1846 to the value of £1,000, which he thought would give him "a good large portion of the wools".

Towns was often defensive and apologetic over his admitted unauthorised use of Brooks' funds, but saw no other way of maintaining his place in the mercantile community. When he did use Brooks' funds for projects such as the purchase of Jones' wharf and stores, he defended his action as necessary for the expeditious and economic handling of cargoes, and offered Brooks colonial rates of interest. Towns was reasonably careful in his use of Brooks' credit on wool and tallow advances, but even so his debt to Brooks rose more than sixfold from around £3,000 at the end of 1844.

53 Towns to Brooks, 16 December 1844, ibid, MSS 307(122).
54 Towns to O. Browne and Company, 15 December 1848, ibid., MSS 307(114).
55 Towns to Brooks, 11 and 18 July 1846, ibid., MSS 307(122).
56 Towns to Brooks, 4 April 1845, ibid.
to approximately £20,000 at the end of 1848. Brooks' criticism sometimes caused Towns to feel that his honour and integrity were impugned, but Brooks was quick to disavow any such intention and always confirmed his confidence in Towns.

Like Donaldson, Towns found the wool trade worrying and burdensome, as he confided to Brooks' Melbourne agent -

This wool agency business, where you would do them (grazers) justice, the charges you can make are not worth a merchant's while - I would gladly get out of all mine - my only object in entering into such accounts was to throw business into our mutual friend Mr Brooks' hands.

Whereas Donaldson's main complaint was lack of understanding of colonial conditions and financial support from London, Towns' problems derived mainly from the precarious position of the pastoral industry, although he also received complaints from Brooks over unauthorised use of funds. However, in general the dealings of local merchants with their British counterparts were easier in the post-depression years than in the late 1830s and early 1840s. Although the imports from Britain were only around half the peak value of 1840, the approximate parity between the value of imports and exports in general allowed merchants to avoid excessive overseas debt.

Towns' difficulties reflected the inter-dependence between the merchants, who were mostly graziers on a large

57 Towns to Brooks, 8 January 1845, ibid.; Towns to Brooks, 20 February 1849, ibid., MSS 307(124).

58 Towns to O. Browne and Company, 15 December 1848, ibid., MSS 307(114).
scale themselves, and the pastoral industry. The uncertainty in wool prices meant that it was in the interest of the merchants to see that growers got the maximum price for their wool and tallow as their own prosperity was so clearly dependent on the pastoral industry. This could best be achieved by allowing the highest possible advance or purchase price with the lowest interest and transport costs. To ensure this Flower and Salting and Gilchrist and Alexander jointly bought wool and loaded ships in 1846, and in 1849 Flower and Salting, Robert Campbell Tertius and Donaldson did the same, while Gilchrist and Alexander waived commission on the shipping of the wool. In the same season Donaldson offered W.C. Wentworth one shilling and twopence per lb. for his wool on agreement to share all profits obtained above this figure. 59

Barnard maintains that in the 1830s graziers generally sold their wool in the colony and in the 1840s this changed to mostly consignment through merchants, so that "the merchants in the colony acted as wool purchasers and then they changed to consignment agents". 60 In fact the opposite seems to be the case. With the rising prices for wool to 1836 the tendency was for graziers to seek advances and consign through a merchant in the expectation of a good price in London. Even when prices slumped slightly in the late 1830s, buoyant local conditions, particularly the high

59 Towns to Brooks, 12 November 1846, ibid., MSS 307(123); Towns to Brooks, 15 December 1849, ibid., MSS 307(124).
60 Barnard, Australian Wool Market, p. 134.
price of land and stock, saw this tendency maintained. On the other hand in the 1840s the uncertainty of the wool market and the mounting debts of graziers had the effect of increasing the amount of wool sold locally either by contract or auction.

Barnard also proposes a hypothesis which he admits "there is little documentary evidence to support", that in the 1840s the disparity between local and English wool prices was "wide enough to encourage the growers to assume the risks (of consigning to England) themselves". It has been shown that this tendency was not evident in the post-depression period when the local price was not greatly different from that in London. The list of exporters for 1846/47 and 1847/48 indicates that eighty percent of clips were disposed of by purchase or consignment by merchants. It is evident from the Lamb, Donaldson, Brooks and Towns correspondence and the scattered details of exporters in the press, that Sydney merchants competed for the local purchase and for advances on wool from the mid 1820s to mid century. From the early 1830s at least, they were by far the largest consigners of wool to England.

In the thirty years from 1821 the production of wool increased in excess of fifty times. Yet ironically, during this period the wool trade as such returned relatively little profit to pastoralists or local merchants. Exactly why this was so is difficult to determine in view of the

61 ibid.
lack of statistics on the industry. The production of wool was subject to variables such as seasonal conditions, the size and quality of particular flocks, and the experience of the grazier in a period when a high proportion of those engaged in pastoralism were relatively new to the industry.

In his re-assessment of the pastoral age, Graham Abbott has assembled evidence to indicate that while graziers made profits from sheep farming, this mostly resulted from the sale of surplus stock to new immigrants. Little or no profit was made from wool production viz:

Looking back over the three decades preceding the discovery of gold it would seem that...only in a few years were the returns on wool sufficiently high to cover costs of production, and the graziers depended to a large degree on the sale of their surplus livestock for their profits.

Periods of profitability for wool production would have been the years of rising prices from the early to mid 1820s, between 1832 and 1836 and possibly in 1845/46. Generally in the 1840s when wool production doubled, the pastoral industry was depressed, with leading graziers becoming bankrupt or barely escaping bankruptcy. Had the Australian Agricultural Company depended on the sale of wool, tallow and hides, it would have suffered continuous losses throughout the 1830s and 1840s. It was only the returns from the sale of stock and coal which allowed the Company to

make modest profits. 63 Local merchants were more favourably placed to make a profit from wool than the graziers. Their only real risk of financial loss from wool trading was in buying at too high a price and encountering a depressed market in England. When they advanced on wool, losses would be borne by the grazier. However, the merchants found the trade irksome because of its competitive nature and the problems it generated with their London agents in acquiring adequate funds to secure wool shipments. Even if they did not lose on wool transactions the Sydney merchants tended to build up debt in England by retaining funds, the interest on which limited their profits from wool.

British merchants and brokers stood to gain most from the wool trade, but as we have seen, the profits of the London merchants were sometimes compromised by the debts incurred by their colonial agents and bankruptcies in the depression.

The second half of the 1840s was a testing time for both pastoralists and merchants. For the merchants it was a period of coming to terms with the changed conditions in the wool trade. By co-operating in the purchase and shipment of wool they sought to circumvent the competitiveness which had characterised these functions since the 1820s and to ensure better prospects of profit for themselves and the pastoralists. They maintained their status as the mainstay

of the wool trade by providing most of the credit required by the pastoralists and consigning a high proportion of the colonial clip to England.

The 1840s decade was also a transitional period in the political affairs of the colony, as the squatter-dominated partly elected Legislative Council struggled to obtain greater control over local affairs. Although the merchants were not generally directly involved in politics, some of them came to realise that while they were dependent on the progress of the pastoral industry, their long term interests were also bound up with those of the urban middle class which was opposed to the political supremacy of the squatters.
CHAPTER 13
THE MERCHANTS AND COLONIAL POLITICS

Much has been written concerning political developments in New South Wales in the thirty years leading up to self government. The main theme during this period was the agitation for a greater degree of local control over colonial affairs. This was promoted by Wentworth and a few settlers and emancipists from the mid 1820s and was taken up by the squatters through their lobby in the partly elected Legislative Council from 1843. In essence, this agitation for greater local autonomy was a bid by colonial landholders and squatters to gain political domination for themselves. In relation to the particular issues associated with the general push for more local control of colonial affairs, such as the rights of emancipists, land policy and the re-introduction of transportation, the merchants, being also landholders and squatters, were with few exceptions, in sympathy with the exclusives and initially with the squatters in the 1840s. Three merchants who were exclusives, Alexander Berry, Robert Campbell and Richard Jones were members of the Legislative Council in the late 1820s and 1830s.

Neither the local government or any other interest interfered to any extent with the activities of the merchants, or restricted the scope of their operations. Therefore, little political action was generated by mercantile matters. However, during the 1840s the success
of the squatters in gaining tenure of their leases caused the merchants, despite pastoral affiliations, to realise that their urban-based mercantile interests would be put at risk by squatter domination. Some of them therefore publicly opposed the squatters and embarked on a politically active role which was to vitally affect the course of colonial affairs in the 1850s.

The general political developments in New South Wales between 1820 and mid century unfolded against a background of the gradual transformation of a penal colony with a population of approximately 30,000 of whom about forty percent were convicts, to a free community of 180,000. Between 1821 and 1840, when transportation ceased, the main political issues arose from friction between the exclusives and a small group of free settlers and leading emancipists inspired by Wentworth. The contention arose over the legal and political rights of ex-convicts and the parallel agitation for an elective legislature for the colony. Antagonism between these groups on the place of ex-convicts in colonial society was exacerbated in the 1830s by Governor Bourke's liberal policies on constitutional change and convict management. In the 1820s and 1830s the leading merchants identified with the exclusives in opposing the Wentworth initiatives and Bourke's reforms.

In the 1820s the colonial social climate was dominated by the civil and military establishment and the leading immigrant settlers, the majority of whom were averse to any
social contact with ex-convicts, irrespective of their economic status. This situation had been exacerbated by Macquarie's favouritism and encouragement of emancipists and his insistence in inviting them to social functions, which frequently caused embarrassment to both groups. 1

While immigrants were prepared to have business dealings and enter into contracts with emancipists, social and political association was avoided. For instance, when it was proposed that Terry and Lord should be members of a delegation to present addresses of farewell to Macquarie and welcome to Brisbane, nominated immigrants withdrew and only Terry, Lord and James Meehan, emancipist government surveyor, were left to present the addresses. 2 On another occasion Wollstonecraft "protested violently" when Simeon Lord was appointed with Richard Jones to arbitrate on his firm's claims on Francis Shortt arising from a past partnership, and David Ramsay was appointed instead. 3

The wealthiest and most prominent emancipists were the merchants Terry, Lord, James Underwood, Daniel Cooper, Robert Cooper and Levey. It was from this group that W.C. Wentworth sought support for his campaign for political and legal reform. Wentworth returned from England in 1824 after


3 Wollstonecraft to Berry, 23 August 1827, Berry Papers, MSS 315/50, p.105.
obtaining his law qualification, determined to agitate for an elective government and trial by jury. He immediately stirred up factionalism by supporting the participation of emancipists on Quarter Sessions juries, criticising the colonial administration and attacking the leading immigrants (exclusives) who opposed any additional civil rights for ex-convicts. Prominent exclusives included John Macarthur and his family connections and most of the large immigrant landholders, as well as government officials and merchants such as Richard Jones, Berry and Wollstonecraft, Spark and Icely. The latter were all anxious to attain landed estates and gain equal status with the long established landed gentry. Although few in number, the exclusives wielded a disproportionate influence due to their wealth, association with government officials and access to the Colonial Office through connections in London. They were intent on maintaining a colonial society in which there was a clear distinction between ex-convicts and immigrants. Apart from the leading emancipists, support for Wentworth's political ideas came from among a few long-term settlers such as Sir John Jamison and William Lawson who had co-habited with or married ex-convict women, or like William Cox and the Blaxlands, who numbered emancipists among their neighbours and acquaintances. They did not share the social pretensions of the exclusives and accepted ex-convicts and

their families as an integral part of colonial society. Jamison was a possible exception, his interest being mainly centred on an elected legislature for the colony.⁵

Wentworth used a public meeting called to endorse a farewell address to Brisbane to launch a violent attack on the exclusives and praise the emancipists' "superior industry and intelligence" which had made them the most opulent class. The address included a demand for the full extension of trial by jury and representative government.⁶ The exclusives were not slow to react to Wentworth's onslaught and the political overtones of the address. They drew up a petition containing thirty-three signatures, including nine leading merchants - Macvitie, Berry, Wollstonecraft, Jones, De Mestre, Aspinall, Spark, Icely and William Walker, in which they dissociated themselves from Wentworth's address and deprecated the attempt "to publish opinions and sentiments so fallacious and unfounded as the united voice of all classes in the community". Their counter proposals were to establish an Executive Council comprising government officials, and to expand the Legislative Council to at least "fifteen members to be selected by the Crown from the most respectable landowners and merchants in the colony".⁷ Not all immigrant merchants

⁶ Australian, 27 October 1825.
⁷ Signatories to a petition in reply to the address to Governor Brisbane, Macarthur Papers, Vol. 92, A2988.
shared these views. A few, such as R.C. Pritchett, Mathew Hindson, T.G. Pitman and Peter Rapsey showed that they were either sympathetic to Wentworth's political aims or anxious to show their disapprobation of the pretensions of the 'pure merinos' when they attended a dinner to farewell Brisbane which had been boycotted by the exclusives. 8

When Wentworth seized the opportunity of calling another meeting in January 1826 to propose an address of welcome to Darling, the requisition to the Sheriff included the signatures of Terry, Lord, James Underwood, William Hutchinson and Daniel Cooper. Apart from again using the meeting to advocate a large elective assembly for the colony, Wentworth continued his wooing of the emancipists by highlighting the discrepancy in the distribution of land between the colonial youth and free immigrants. 9

The small number of long established free settlers who supported Wentworth's call for greater colonial participation in colonial government and an extension of trial by jury, had reservations on his forcing tactics on representative government and the large elective assembly he advocated. They thought such tactics would tend to create public unrest and so retard rather than advance the granting of a more liberal constitution. Although amenable to legal rights for emancipists, they also had doubts on the

8 Gazette, 10 November 1825.
9 ibid., 29 December 1825, 16 January 1826.
participation of emancipists in any elected government. Prior to a further public meeting in January 1827, Wentworth had organised a requisition in Sydney and when signatures were sought in the country, it was found that Jamison had already been soliciting landholders for a requisition of his own which would not have included emancipists. Wentworth used the emancipists to lend credence and balance to his civil rights campaign. But the emancipist merchants played only a minor part and both they and his few immigrant supporters were uncomfortable with his exaggerated claims and the factionalism he generated. As his antagonism to Darling and consequent attacks on the Governor developed in 1827 he was isolated by both emancipists and immigrants.

Political confrontation between exclusives among the merchants and emancipist merchants and their supporters was most evident among the proprietors and directors of the Bank of New South Wales. Social and political divisions had always been reflected in the management of the bank. The only original emancipist director was Redfern, who as a respected surgeon was not regarded in the same light as other emancipists. Terry was elected as a director in 1822, but was refused his seat on the pretext that he was "unconditionally free''.

10 Fifer, 'Wentworth in Colonial Politics', p. 132.
11 ibid., p. 163ff.
13 Dow, Samuel Terry, p. 155.
Factionalism between emancipist proprietors, their immigrant supporters and exclusives among proprietors and directors was polarised by Wentworth's election as a director in December 1824. When Dr. H.C. Douglass and R.C. Pritchett, both associates of Wentworth, were elected as directors in December 1825, the Gazette reported that the election was made "virtually...with reference to the politics of the candidates". 14 Wentworth and another of his pro-emancipist supporters, Edward Smith Hall, censored candidates for directorships who associated with the exclusives, while Robert Campbell and Oxley objected to political bias in Bank Affairs. Bank politics was at least partly responsible for the formation of the 'pure merino' Bank of Australia in early 1826, when exclusives among the directors of the old Bank such as Macvitie, Wollstonecraft, Jones, Icely, W. Browne and Spark became directors of the new bank. 15 The liquidity crisis of April and May 1826 threatened the Bank of New South Wales, which had to ask the local government for a loan of £20,000. An investigation revealed that the merchants Robert Cooper, Robert Campbell Jr. and Raine and Ramsay had been allowed excessive discounting of bills to a total value of $250,000. The aftermath of the liquidity and bank crises of 1826 saw greater unity in the commercial community. This was signalled by the appointment of Terry, Daniel Cooper and

William Hutchinson to the board of directors of the Bank of New South Wales in 1828. 16

With the formation of the Chamber of Commerce in 1826, the immigrant and emancipist merchants had an organisation in which potentially they could work together for their common interests. The idea of a commercial exchange where merchants could assemble to transact business was mooted in July 1824 by the Gazette. In November 1825 the same paper observed that attempts to establish an exchange were suffering from lack of a "spirit of union", at the same time noting that the proprietor of the Australian Hotel had fitted out a room at his own expense to be known as the Sydney Exchange. 17 On 3 June 1826 a meeting of Sydney merchants formed the Chamber of Commerce with Edward Wollstonecraft as chairman, W.J. Browne as Vice-Chairman and A.B. Spark as Secretary/Treasurer and approximately thirty members. 18

Without specifically mentioning the interaction between emancipists and exclusives, the Gazette thought that the Chamber represented "an amalgamation, a mixing-up, with which we are much pleased"; an observation apparently

17 Gazette, 15 July 1824, 21 November 1825.
18 ibid., 7 and 14 June 1826.
confirmed by the election of Daniel Cooper to the committee.\(^{19}\)

The avowed objects of the Chamber, within the general scope of promoting the commercial interests of the colony, were the setting up of a system for arbitrating differences in the settlement of accounts or in the shipping of merchandise, establishing rates of commission and dissemination of commercial intelligence.\(^{20}\) It is fairly clear that the formation of the Chamber was hastened by the liquidity crisis of mid 1826, as its first petition to the Governor addressed this problem.\(^{21}\) During its first year, the committee of the Chamber submitted a number of recommendations and requests in reference to wharfage, customs regulations and duties, most of which were acted on by the colonial administration.\(^{22}\)

During the 1830s what few problems had existed between immigrant and emancipist merchants in their commercial activities decreased as the ranks of the existing emancipist merchants thinned. Daniel Cooper returned to England and old hands like Underwood, Samuel Terry, Simeon Lord and Robert Cooper died or approached retirement. Overseas trade was firmly in the hands of migrant merchants with access to

\(^{19}\) ibid., 14 June and 30 September 1826.
\(^{20}\) ibid., 8 July 1826.
\(^{21}\) Darling to Bathurst, 30 August 1826, HRA, Vol. 12, p. 506ff; Spark Diary, p. 36.
\(^{22}\) Gazette, 1 August 1827.
British capital. For the few emancipists who did enter the field in the 1830s, like Samuel Lyons and François Girard, overseas trading was a side line to their main occupations as auctioneer and miller respectively. Yet as divisions between emancipists and immigrants disappeared in business, they were exacerbated within the general community. This development was polarised by the policies of Governor Bourke, who as a Whig, had decided views on trial by jury, the jurisdiction of magistrates in awarding corporal punishment, secular education and liberalisation of the colonial constitution.23

Bourke's attempt to introduce trial by jury for all cases in 1832 was opposed by a majority in the Legislative Council, and he had to be content with a limited extension to criminal cases. In 1833 he induced the Council to limit what he regarded as excessive corporal punishment being awarded to convicts by magistrates, by restricting such punishment to fifty lashes. This action resulted in a petition from Hunter River settlers who feared adverse effects on convict discipline. Bourke's confrontation with the magistrates came to a head in early 1836 when he issued new Commissions of the Peace which omitted a number of magistrates who had exhibited "factious feeling towards the government". Omitted were John Lamb and two ex-merchants John McLaren and John Bingle, while A.B. Spark narrowly escaped omission.24

23 Fifer, 'Wentworth in Colonial Politics', p. 201.
24 ibid., p. 202ff.
The jury and convict bills were both objectionable in various degrees to the more influential colonists, among whom were many of the merchants. The steady influx of capitalists of middle class background in the late 1820s and early 1830s to participate in the pastoral and commercial expansion gave a broad base to the opposition to the social and political aspirations of ex-convicts and hence to Bourke's administration. In identifying objections to his legislation as deriving from the entrenched "envy and ill will" of the Council members towards emancipists, Bourke discounted the genuine concern among immigrants of the possible social and moral results of his measures. The attitude of the exclusives or Tories as they were called by the mid 1830s, to Bourke's policies and to the emancipists as a social group was reflected in editorials in the Herald and Gazette in 1835 and 1836, when those advocating liberal reform were labelled the 'convict party'.

Leading merchants like Spark, Richard Jones, Bettington and Lamb who were Tories, demonstrated their opposition to Bourke at the election for Chairman of the Court of Quarter Sessions in late 1835. One of the two candidates was R.C.Riddell the Colonial Treasurer, who, like the Colonial Secretary Alexander McLeay, was an exclusive and strongly opposed to Bourke's policies. The other was Roger Therry, Commissioner of the Court of Requests, who was well disposed towards the Governor. In the Sydney area only magistrates

25 ibid., p. 257ff.
who were government officials voted for Therry and all independent magistrates, of whom the great majority were merchants voted for Riddell. Bourke designated Richard Jones as the main instigator in marshalling the opposition to Therry, and the Herald saw the election as a defeat for the "convict ridden supporters of the felon faction". 26

Further polarisation of the division between the Tories and the Whigs, as the supporters of Bourke's policies were called, was caused by the activities of the Australian Patriotic Association. 27 The Association came into being as a result of a suggestion from Lytton Bulwer, M.P., who had agreed to promote a petition from Wentworth and his followers for representative government forwarded to England in 1833. In reviewing the difficulties of attracting official and parliamentary interest in the political affairs of the colony, Lytton advised that a broadly based committee of leading colonists should be established to refer petitions and grievances to a Parliamentary Advocate for presentation to the House of Commons. This would hopefully overcome the problem of officials in London receiving conflicting opinions from a variety of independent sources. As far as New South Wales was concerned this was wishful

26 Herald, 9, 12 and 16 November 1835.

27 Herald, 19 January 1837. Tories were "the most respectable, moral and intelligent men in the colony". Whigs were those who talked of "liberal systems of government", but were "dissolute and unprincipled", adopting instead convict principles."
thinking in view of the existing social and political conditions.  

Under the stimulus of the Bulwer suggestion, the committee which had promoted the 1833 petition, which was dominated by Wentworth and Jamison formed the Australian Patriotic Association at a public meeting on 29 May 1835. The main purpose of the Association was to sponsor a draft constitution for the colony. This was prepared by Wentworth as two bills, one providing for a legislative assembly and separate legislative council on the basis of the Canadian Constitution Act of 1791, and the other for a combined legislative assembly and council, in effect a blended assembly of the type granted to Newfoundland in 1832, and which had been advocated by Bourke in 1833. After much debate within the Association the draft bills were despatched to England early in 1836.

Among the early members of the Association were thirty-five import-export merchants including exclusives like Jones, Lamb, Spark, Bettington and Montefiore. Altogether merchants and shopkeepers constituted approximately thirty percent of the total membership of slightly above 400. It might be asked why Tory merchants joined the Association

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30 *List of Members of the Australian Patriotic Association*, Sydney, 1835.
which was under the influence of the arch Whig, Wentworth. It was obvious that Wentworth and his supporters would press for constitutional change involving a measure of political independence. The Tories apparently thought that they could influence the Association to make constitutional proposals which would reduce the Governor’s power, but at the same time exclude emancipists. However, they were soon disillusioned by the activities of the radical members who dominated Association meetings, and they were not impressed by Wentworth’s draft bills, which, if adopted, could lead to emancipists becoming voters and members of the legislature.

The Association’s draft bills and the omission of Lamb and other magistrates from a new Commission of the Peace in January 1836 for opposition to Bourke’s administration, triggered a reaction to the Governor. Under the leadership of Richard Jones and James Macarthur the Tories drew up petitions to the King and the House of Commons requesting that a commission be set up to determine whether transportation should continue and the extent to which the government of the colony should be changed. In the interim it was recommended that the number of nominated members to the Legislative Council should be increased and the Governor and the Chief Justice should be excluded. Many of the Tory merchants such as Jones, Lamb, Spark, De Mestre, Gore, Gosling and John Lord deserted the Patriotic Association and signed the petitions as being more to their liking than the Wentworth bills.31 Those merchants who remained members of

the Patriotic Association took no active part in its affairs. In early 1838 Wentworth was forced to take court action to force disillusioned and disinterested members to pay their subscriptions to the Association.32

As it transpired neither the Patriotic Association's proposals or the Tory petitions had any appreciable influence in London, as the British government was awaiting the report of the Molesworth Committee on transportation before attempting any constitutional change in the Australian colonies. In the confrontation between the exclusives on the one hand and the supporters of the liberal policies of Bourke and the constitutional proposals of the Patriotic Association on the other, the leading merchants acted in concert with the landed gentry. They identified with the gentry by virtue of their own property, pastoral interests and respectability, a status confirmed by three of the longest standing merchants, Robert Campbell, Alexander Berry and Richard Jones being members of the Legislative Council.

When a Sydney Municipal Bill was before the Legislative Council in 1840, a petition objecting to the provision that emancipists could vote and be elected as councillors included the signatures of most of the leading merchants.33 However, when the Bill was finally passed in 1842, the knowledge that there would be no restrictions on emancipists

32 Herald, 5 February 1838.
33 ibid., 17 August 1840.
being members of the impending partly elected Legislative Council prevented any further agitation. Among the twenty-two councillors elected to the Municipal Council in November 1842 were the merchants John Jones, Daniel Egan, Francis Mitchell and John Hosking, while Henry Moore, Edye Manning, Robert Campbell Jr., Thomas Barker and J.H. Grose were unsuccessful candidates. John Hosking and Francis Mitchell were among the six aldermen chosen by the councillors, and Hosking was then elected as Sydney's first Mayor. As all the successful candidates became insolvent in 1843, they had little chance of making any substantial contribution to the work of the Council. There were no import-export merchants in the Council for a number of years after the depression.

With the abolition of transportation in 1840 and the granting of a partly elected legislature in 1842, political issues were centred on the efforts of the elected members of the Legislative Council to gain control of the local revenue and land policy. Factionalism also developed within the ranks of the leading colonists over the squatters gaining tenure of their leases and their advocacy of the re-introduction of transportation. Many of the merchants, as large scale graziers themselves, were sympathetic to the squatters' attempts to dominate colonial politics. However, a few, of whom John Lamb became the spokesman, saw the

34 Fifer, 'Wentworth in Colonial Politics', p. 334ff.
squatting ascendancy as a threat to commerce and to adequate political representation for the urban areas. In these concerns they made common cause with Sydney middle class professionals and business men who had similar reservations over pastoral political domination.

None of the leading merchants showed interest in contesting the two Sydney Legislative Council seats against Wentworth and Bland in 1843, as most of them were insolvent or facing insolvency. The only other candidate was Captain O'Connell, son of the Commanding Officer of the British forces in the colony. Two import-export merchants, Thomas Walker and John Panton, were elected. Walker, representing the Port Phillip District, was becoming more involved in his large scale pastoral and squatting interests than in commerce. This also applied to Panton, representing Cook and Westmoreland, who was in partnership with John and Edward Betts, with whom he also held squatting leases. Walker soon gave up politics to concentrate on pastoralism, while Panton remained in the Council until 1848, but took little part in debate.36 Benjamin Boyd, as representative for Port Phillip for twelve months from September 1844 was more of a squatter than a merchant. As president of the Pastoral Association his main interest was the struggle for tenure of squatting leases.

Among the nominated members of the legislature were two ex-merchants, Alexander Berry and Thomas Icely, neither of whom had been active as merchants since the late 1820s. As the 'ancient nominee' Berry served as a member of the Legislative Council for over thirty years - from 1828 until 1861. He was "a person of retired habits and singularly antiquated ideas". A dour conservative, he was implacably opposed to political liberalism in the belief that men of property should have responsibility for managing state affairs to protect the poor and ignorant from exploitation. His laissez faire attitude led him to oppose both the Municipal Bill of 1842 and the squatters' bid for exclusive control of the land. His long tenure in the Council was doubtless due to his unwavering conservatism. However, his views were generally not taken seriously by his peers and his speeches in Council were often inaudible.\textsuperscript{37} Icely made only an insignificant contribution to the work of the Council. John Lamb was appointed as a nominated member in 1844, following the resignation of Robert Lowe and although a squatter himself, was to become a leading opponent of the squatting interest on land tenure and transportation.

The colonial administration expected that the nominated members of the Council would combine with the official members to support government policies. However, non-official members generally tended to pride themselves on their independence and nominees like Berry, Lowe and Lamb sometimes found themselves opposed to the administration.

\textsuperscript{37} ADB, Vols. 1 and 2; Jervis, 'Laird of Shoalhaven', p. 54ff.
Lowe was the outstanding example of a recalcitrant nominee, who resigned because of disenchantment with the official land policy. Soon after being appointed Lamb, objected to a clause in a government sponsored customs bill because it failed to allow a drawback on duty for re-exported goods.\textsuperscript{38} His most vehement opposition was directed at proposals contained in the report of the Select Committee on Wharfage Rates to lower berthing rates at the partly completed Circular Quay. Sydney merchants had petitioned against the move as it would undercut charges at private wharves owned by them. As an owner of one of the twenty private wharves, Lamb became emotional in his denunciation of the proposal, claiming that the witnesses before the Committee had been manipulated by the Colonial Secretary as chairman. In response, the Colonial Secretary "regretted that the honorable member should have thought proper to make the observations he had made and in the tone and temper he had evinced", particularly as he had "personal interest in the matter". In contrast Thomas Walker, whose family also had an interest in a private wharf favoured the proposal, considering that Circular Quay was suffering from competition from the private wharves.\textsuperscript{39}

Lamb entered the lists against the government on wharfage again in 1847 over the bill to authorise the completion of the still only partly constructed Circular Quay. He maintained that the Council did not have the

\textsuperscript{38} \textit{SMH}, 27 September 1844.

\textsuperscript{39} \textit{ibid.}, 19 December 1844.
powers to resume the privately owned land necessary for the work to proceed, that the finances of the colony could be better spent, as there were sufficient private wharves to serve merchant shipping and that the commission to be set up to control the new wharf would have arbitrary powers. These objections were dismissed as groundless by the Colonial Secretary. It was evident that behind the objections was the expected loss of revenue by the owners of private wharves and the fears of some owners of land like Thomas Barker and Montefiore and Graham, that they would not get adequate compensation for resumption.  

From the first sitting in 1843, the elected members of the Legislative Council led by Wentworth and the lawyer Richard Windeyer attempted to assert their independence by opposing the administration on revenue and land policy. In doing so they were trying to usurp constitutional rights the legislature did not possess, as both the disposal of the revenue and land policy were still the prerogative of the Crown. The last two years of Gipps' administration were marked by intense confrontation between the squatters and the Governor over squatting regulations.  

The squatting regulations allowed pastoralists to depasture on Crown land outside the limits of location set


in 1829 for an annual fee of £10, irrespective of the area of land occupied. There was an extra small levy on stock to pay for the border police.\textsuperscript{42} The existing regulations were due for renewal in 1846 and as Gipps felt that the squatters should contribute more to the colonial revenue, he proposed to increase the annual fee to £10 for every twenty square miles occupied or for each 4,000 sheep or 500 cattle. Squatters would also be encouraged to purchase 350 acres of their leases to build a homestead.\textsuperscript{43} The proposals preempted a revision of the existing regulations by the Council, which being dominated by squatters, was not likely to meet the wishes of the administration or the Colonial Office in any changes it made.

It was believed by almost all shades of opinion in the colony that the new licensing regulations were ill timed and exorbitant in view of the financial hardships suffered by pastoralists in the depression. The colonists generally recognised that their prosperity depended on wool and therefore anything that retarded profitability and growth in the pastoral industry was the concern of all. They were just emerging from an economic slump and wool and sheep prices were still recovering from the depressed levels of 1843. The publication of the regulations consequently brought an immediate protest from squatters, landowners, most of the press and society in general. Only the Catholic

\textsuperscript{42} Melbourne, \textit{Early Constitutional Development}, p. 296ff.

press, the Morning Chronicle and the Weekly Register, saw the squatters' opposition as a selfish refusal to contribute to the revenue. 44

At a protest meeting in Sydney on 9 April, Wentworth and Benjamin Boyd delivered emotionally charged speeches pointing out the likely effects of the imposts on pastoralists, traders and manufacturers. Thomas Walker spoke in support of the motion:

That the commercial and trading classes of the community are most intimately connected with and dependent upon the prosperity of the great pastoral interests of the colony and that the members of these classes most cordially support the objects of the meeting.

The meeting formed the Pastoral Association of New South Wales to "secure due protection to the pastoral interests". In the twenty-one member committee of the Association, Boyd as President, Walker and Panton, were the only merchants. 45

As the new regulations were not to come into effect until July 1845, the squatters used the intervening time to lobby their case for permanent tenure of their leases in London through the offices of Archibald Boyd, cousin of Benjamin Boyd, and Francis Scott, M.P. the newly appointed parliamentary representative of the Legislative Council. They sought the support of woollen manufacturers and London merchants and a petition signed by "sixty of the principal merchants and capitalists of the City of London, connected

45 SMH, 10 and 23 April 1844.
with and interested in the colony of New South Wales" was presented to the Secretary of State, Lord Stanley in May 1845, requesting twenty-one year leases for wool growers.  

The question of tenure for the squatters was settled by a Colonial Office despatch of 29 November 1846. The squatters were to receive leases of up to fourteen years at a yearly rental of £10 for each four thousand sheep. This arrangement was based on Wakefieldian principles ostensibly to prevent alienation by a few individuals to the detriment of future generations, and to provide adequate labour through the land fund, as the squatting lands could be sold at auction at any time at or above the minimum price of £1 per acre. These expectations paid little regard to the realities of settlement in New South Wales.

Divisions in the Legislative Council on the squatting issue became apparent late in 1846 and in 1847 as Robert Lowe introduced resolutions opposing the minimum land price of £1 per acre, and followed this with attacks on the squatting settlement. Lowe claimed that the colonists' birthright had been handed to the squatters, who would prevent intrusion into their domain by those with limited capital. Although reduction in the land price had been recommended by the Council committee on Crown lands in 1844, leading squatters like Wentworth, Dangar, Dumaresq and

46 Votes and Proceedings, 1845, Correspondence with the Parliamentary Agent, pp. 219-233; ADB, Vol. 1 (Boyd).
Robinson now saw a high price as a safeguard against possible sale of their leases.48

Both Berry and Lamb supported Lowe in 1847. Berry thought that the squatters' control of "three hundred million acres" as giving them a strong interest in preventing sale. Lamb was prepared to allow the squatters to assume the title of the "aristocrats of colony", but they were relatively more numerous than the English aristocracy and the latter "exercised much more sound and wholesome influence in the country than the squatters ever could".49

The trend towards political realignment on the land question continued up to the elections of 1848 and was exacerbated by controversy over Colonial Office proposals to re-introduce transportation. In the initial cleavage arising from the squatters' campaign for long leases, leading elected members, Windeyer, Cowper and Lowe formed the nucleus of an opposition group committed to lowering the price of land and breaking the squatters' hold on colonial wastelands. This group gradually drew in other members such as the squatters T.A. Murray and W.H. Suttor as well as Lamb and Berry.50

The attitude of the import-export merchants to the political domination of the squatters can only be guessed


49 SMH, 23 June 1847.

at. In the Towns and Donaldson papers and Spark's diary there is little political comment, although Donaldson makes frequent references to his plans to gain election to the Council. At least half the merchants were involved in squatting and they all had a substantial interest in the wool trade as creditors to the pastoralists. It is therefore likely that, with few exceptions, they were sympathetic to the squatting settlement. Gradations in the merchants' attitude to the squatting question are typified by Boyd, Donaldson and Lamb. In his political sentiments Boyd identified with the squatters completely. Speaking of the colonists in general, he said, whether "banker, merchant, shipowner, or tradesman. We only have our existence through our pastoral resources - our wool, our tallow and our hides. We are all squatters to a man; and I glory in the name". Donaldson, like James Macarthur, saw himself among the elite of the colony. He identified with the landed gentry as well as the leading city professionals. When he entered the Council in early 1848, he came out as an apologist for the squatters, claiming that they were not "tyrants and oppressors", but that "they tried to obtain what they believed they were entitled to by fair and honest means". Yet he was prepared to oppose the squatters' desire for the retention of a high land price, by advocating a price of five shillings per acre. Like other liberal conservatives he tended to support compromise solutions in


52 SMH, 15 May 1848.
attempts to bridge the gap between opposing factions in the Council. 53

Not many of the merchants would have shared Lamb's emotional antipathy towards the pretensions of the squatters. Referring to their security of tenure, he maintained that "the consequences of this alienation of the land seemed to him perfectly frightful". In the transportation debate in 1850, he made further reference to the "aristocracy" of the colony when he told the Council:

the colony is more in danger from the aristocratic element...than from the democratic. The arrogance of the first had become intolerable: their selfishness and disregard of the interests of all others had disgusted the middle and lower orders. 54

In the community outside the Council, Richard Jones, seeking to establish himself as a squatter at Moreton Bay, thought that the Crown should not surrender control of the land to the local legislature. He did not approve sale of land by auction or extended leases and felt that yearly rental was the most equitable arrangement for land use. His opinion was probably dictated by his own straitened circumstances following insolvency. 55 A more comprehensive view was given by S.K. Salting in 1847, who considered that the squatting settlement was "prejudicial to the general

53 Ward, James Macarthur, p. 162.
54 SMH, 7 October 1850.
55 R. Jones to Berry, 2 June 1846, Berry Papers, MSS 315/47, p. 218.
interests of the colony". He elaborated by suggesting that sale of squatting lands at a lower price would enable pastoralists to gradually acquire sufficient land for efficient grazing and importantly would give them the status "which the law of England recognises as the only true and safe title to the soil". On the other hand, Henry Gilbert Smith, in canvassing the Cumberland electorate for election to the Council in 1848 was non-committal on current political questions, announcing that he would support "any movement which may appear well calculated to open the waste lands to purchasers". He also saw the interests of "settler and the trader as identical". Thus, while all opinions on the squatting settlement recognised the importance of the pastoral industry to the future of the colony, the different attitudes to it caused political division between the members of the colonial gentry.

The possibility of the re-introduction of transportation emerged in 1846 when Gladstone, in his brief tenure at the Colonial Office, offered a scheme for sending convicts who had partly completed their sentences or had tickets of leave. Wentworth and many of the squatters had regretted the abolition of transportation and were eager to accept Gladstone's offer. The proposal prompted a large protest


57 SMH, 28 July 1848.

58 Gladstone to Fitzroy, 30 April 1846, HRA, Vol. 25, pp. 34-37.
meeting chaired by Cowper and addressed by Charles Campbell, third son of Robert Campbell Sr., and James Norton.\textsuperscript{59} Public opinion was further hardened by the report of a select committee of the Council written by Wentworth, which supported the re-introduction of transportation and assignment, provided an equal number of migrants were also sent to the colony.\textsuperscript{60} When the report was debated in the Council in 1847 it was rejected by a majority of members. Lamb considered that adoption of the report would be "the precursor to the ruin and degradation of the colony".\textsuperscript{61}

At the time of the Legislative Council elections in 1848, a commonality of interest between members of the Council opposed to the squatting settlement and the city middle class was demonstrated by the attempt to have Lamb elected as a representative of Sydney. Because Wentworth "did not properly estimate the commercial interests of this great city", which was "the emporium of the commerce of the hemisphere", the electors of Sydney were "desirous of securing the return of a representative of the commercial interest". Lamb was solicited for this role by public advertisement, to which was attached the names of approximately 150 citizens prominent in commerce, including the leading merchants, Thacker, Gosling, Archibald Campbell and Ebsworth.\textsuperscript{62} At a meeting to promote Lamb's candidacy at

\begin{itemize}
\item \textsuperscript{59} SMH, 23 October 1846.
\item \textsuperscript{60} ibid., 2 November 1846.
\item \textsuperscript{61} ibid., 16 September 1847.
\item \textsuperscript{62} ibid., 1 and 5 July 1848.
\end{itemize}
which Donaldson presided and Lowe and Cowper spoke, Lamb emphasised Wentworth's lack of interest in commercial matters. Wentworth was at no pains to hide his disinterest in commercial affairs. As his popularity with the city electorate deteriorated with the rise of liberal and radical sentiment in the late 1840s and early 1850s, he raised laughter in the Council by claiming that Sydney did not need representation at all as the only interest in the city was that of the merchants who "were productive of absolutely nothing". 63

Lamb was supported by Thomas Barker and Gosling at the nomination ceremony. He avowed his opposition to the resumption of transportation. He maintained that:

In opposing this measure he had been the steady friend of the working man, and he had not considered his interest alone, but had looked at what was the highest end of good legislation - the effect it would have on the social, moral and religious condition of the population of this colony.

He also intimated that he was not averse to a lower franchise if it could be shown to be "desirable and wished for by the people". He raised some laughter at Bland's expense by refuting exaggerated claims of his monopolistic practices in the grain, tea and sugar markets. 64 Despite his candidacy being supported by the Herald, Lamb was placed third behind Wentworth and Lowe in the city election. Lowe, who had pledged his support to Lamb, was himself drafted by

63 ibid., 17 August 1853.
64 ibid., 28 July 1848.
a radical alliance in which Henry Parkes was prominent. Lowe was a popular speaker and had become conspicuous for his attacks on Wentworth and the squatting interest both in and outside the Council.

The elections strengthened a conservative element in the Council with the inclusion of James Macarthur and Donaldson as elected members. Macarthur had reservations about the squatters' domination of colonial politics, seeing it as a threat to his concept of political power being in the hands of an educated, stable, landowning élite. He was opposed to transportation, but at the same time disturbed by the radical sentiment being generated by opposition to it. Donaldson shared the same basic political philosophy as Macarthur, but was more equivocal on the squatting and transportation issues. Lamb remained as a nominated member of the Council and continued to side with the anti-squatting group led by Cowper and Lowe. The squatting and pro-transportation lobby was led by Wentworth, his chief supporters being the squatters Dangar, Fitzgerald and the young James Martin. The 1848 elections revealed an emerging polarisation of the colonial community. The anti-squatting sentiment was centred among the city merchants and professionals, supported by a small but vocal radical


66 Ward, James Macarthur, pp. 156-164.
movement. It signified the first sign of the politicisation of the middle class. 67

The attempt to have Lamb elected as a representative for Sydney indicated a realisation by the commercial community that their interests were being overlooked by the squatter-dominated Council. It denoted a public awareness that commerce and trade were complementary to pastoralism and should be given due attention by the legislature. Also implicit in the demand for better city representation was the more general desire of citizens that the interests of the population of the city as a whole receive proper consideration. This was evident in the support for the populist policies of Lowe, with slogans like 'Vote for Lowe and an extension of the franchise... Vote for Lowe and education... Vote for a fair adjustment of the land question'. 68

Transportation flared into prominence again in 1848, with a despatch from Earl Grey offering to send ticket of leave prisoners or 'exiles' to the colony together with an equal number of migrants. 69 Wentworth's motion to accept the offer was approved by the Council. Members such as Cowper, Lamb and Parker who had opposed the 1846 report now supported Wentworth's resolution, albeit without much

67 Irving, 'Liberal Politics in New South Wales', p. 133.
68 Knight, Illiberal Liberal, p. 197.
69 Grey to FitzRoy, 3 September 1847, HRA, Vol. 25, p. 735ff; SMH, 10 April 1848.
enthusiasm, as they knew that it would be unpopular with the colonists at large. This change of attitude was determined by the need for cheap labour. Cowper, in particular, was acutely aware of the labour situation by virtue of his chairmanship of the 1847 Council committee on immigration. The committee's report had struck a note of near despair on the prospect of relief from the shortage and high cost of labour since the suspension of assisted immigration in 1844. 70

Early in 1849 a despatch from Grey advised that the exiles were being sent, but that funds were not available for an equal number of migrants. 71 This news stirred up fresh anti-transportation feeling and prompted numerous meetings of protest around the colony and the formation of the Anti-Transportation Association. 72 When the ship Hashemy carrying the exiles arrived in Sydney on 11 June, a large crowd demonstrating against their landing was addressed by Lowe, Lamb and the radicals Parkes and Dr Isaac Aaron. 73 Despite protests the exiles were soon taken up by squatters, as were a further 1400 who arrived over the next few months. 74

71 Grey to FitzRoy, 8 September 1848, HRA, Vol. 26, p. 587.
72 SMH, 12 June 1849; Martin, Henry Parkes, pp. 55-56.
73 SMH, 12 June 1849.
74 ibid., 29 June 1849; A.G.L. Shaw, Convicts and Colonies: A Study of Penal Transportation from Great Britain and Ireland to Australia and other Parts of the
The curtain was virtually rung down on the transportation debate in late 1850, following a request from Grey for the Council's "final conclusion" on the receipt of exiles. A meeting of some 6,000 people in the Old Barrack Square was addressed by Cowper, Lamb, Mort, Robert Campbell Jr. and James Norton among others. All the speakers adverted to the moral degradation implicit in admitting convicts, but emphasis on this and other aspects varied between speakers. Robert Campbell Jr. believed somewhat enigmatically that the freedom of the colony was involved, as "no freedom could be maintained in any country where such elements existed". Norton and Mort argued that the squatters were deluding themselves in thinking that the limited numbers of transportees available would materially affect the labour shortage. Only large scale immigration, which would be discouraged by the re-introduction of transportation, would solve the colony's labour problems.

The debate on transportation virtually ended with a unanimous vote by the Council in October 1850 to refuse any more exiles. The overwhelming tide of opinion against transportation by all classes, including many of the squatters themselves, convinced even the most recalcitrant advocates of its re-introduction that the cause was lost.

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76 *SMH*. 3 and 7 October 1850.
The transportation issue brought an alliance of convenience between middle class liberals and the urban radicals. The former opposed the political pretensions of the squatters and advocated greater city representation in the legislature. At the same time they wished to retain a property qualification for those entitled to vote. The radicals were also dissatisfied with the squatters' control of the land and their attempts to re-introduce transportation. They too wanted greater city representation, but favoured universal suffrage and vote by ballot. The radical view was reflected in a number of Sydney based newspapers which advocated working class aspirations, such as the Sydney Chronicle, and the People's Advocate successively edited by E.J. Hawksley and the Freeman's Journal published by Archdeacon McEncroe, as well as a number of short-lived publications such as the Sydney Journal and Daily Advertiser and the Citizen. Among the leaders of the radical movement were Parkes, Hawksley, Dr Isaac Aaron and McEncroe, who were prominent in supporting Lowe in his bid for election to a Sydney seat in 1848 and were also involved in the anti-transportation campaign. The temporary alliance between the liberals and the radicals over transportation was an uneasy one, and the franchise issue separated them completely. The struggle between the liberals and the conservatives became concentrated on the


78 Knight, Illiberal Liberal, pp. 205-208; Martin, Henry Parkes, pp. 47-48.
form of the legislature and the balance of political power between the squatters and the commercial, professional and other land owning sections of the colony.\textsuperscript{79} As the opposition of the liberals to the squatting interest became more defined and resolute in the early 1850s, the radical influence declined.\textsuperscript{80}

In 1850 the British government passed the Australian Colonies Government Act which separated Victoria from New South Wales, but granted no extra powers to colonial legislatures. While it gave the franchise to most squatters, it annoyed conservatives by extending voting rights to those occupying dwellings worth £10 per year and failing to give the local legislature power over revenue and land policy.\textsuperscript{81} In effect the conservatives wanted additional powers, but were not enthusiastic about any change in the constitution which would increase popular influence in the legislature. On the other hand the liberal and radical groups were reluctant to see any further powers given without constitutional changes amounting to responsible government.

The separation of Victoria meant that a new electoral act was necessary to establish boundaries and numbers of representatives for each electoral district. The Electoral


\textsuperscript{80} Irving, 'Liberal Politics in New South Wales', p.334.

\textsuperscript{81} Melbourne, \textit{Early Constitutional Development}, p. 367ff.
Bill was drawn under the direction of the Colonial Secretary to provide for thirty-two elected and sixteen nominated members. In moving the bill he informed the Council that "population was not the only basis on which representation should rest. Property also had its claims and in fact all the great interests of the colony were entitled to be represented". He designated three classes of interest in the community: firstly towns comprising commercial, trading and some manufacturing interests; secondly the counties with agricultural and some pastoral interests and thirdly the pastoral intermediate and unsettled districts. As two thirds of the stock and most of the exports were associated with the third class, it was appropriate that it had a proportionally greater share of the representation than the other classes. The squatting districts were allowed eight members for a population of approximately 30,000 while Sydney with about 40,000 inhabitants was given four representatives. This would give Sydney relatively better representation than London had received under the Reform Act.

The Herald and the radical press objected to what they considered the disproportion in representation between the city and the pastoral districts. The Herald attributed this to the lack of political activity by "right minded" urban citizens and hoped for greater effort in this direction by "our professional men, our merchants, shopkeepers, and master tradesmen". The radical reaction to the Electoral

82 SMH, 5 April 1851; Ward, James Macarthur, p. 170.
Act was the formation of the New South Wales Political Association with the object of gaining an extension of the franchise and vote by secret ballot. The Association had a brief and undistinguished existence.83

The Electoral Bill caused division across the usual party lines in the Council. The conservatives and liberal conservatives like Wentworth, Martin, Dangar, Donaldson and Macarthur joined with official members in supporting the 'interest' distribution, as opposed to liberals like Lang and Lamb. Lamb attacked the Bill for paying little attention to "the shipping and mercantile interests that were connected with Sydney".84 He considered that the city was under-represented, on a population basis, and that the preponderance of members from outlying districts could result in a renewal of transportation. Lamb was also at pains to rebut Walker's claim that the merchants were merely employees of the graziers, by a counter claim to cries of 'hear hear' from some of the members, that "a large number of those in the country growing wool were in reality the employees of the merchants of Sydney".85 Donaldson defended the Bill as presented, seeing no necessity for greater Sydney representation. The most forthright opponent of the 'population' principle was Wentworth, who reflected the fears of other conservatives and liberal conservatives when

83 SMH, 31 March and 19 April 1851; People's Advocate, 5 April 1851; Empire, 29 March 1851; Freeman's Journal, 24 April 1851.
84 SMH, 5 and 12 April 1851.
85 ibid, 12 April 1851.
he maintained that in Sydney "it was easy to get a meeting of 4,000 or 5,000 people together under the democratic and socialist principles, which are now so common.... Such a city was hardly worthy of representation at all".  

During consideration of the Bill, Wentworth, Martin and Macarthur combined to secure amendments to strengthen further pastoral representation, by increasing the number of elected members to thirty-six and reducing the city representation to three.

At the Legislative Council elections under the new electoral arrangements towards the end of 1851, the merchants Lamb (Sydney) Donaldson (Durham) and the ex-merchants J.B. Bettington and Richard Jones (Moreton Bay) as well as the auctioneer-cum-merchant T.W. Smart (Sydney Hamlets) were successful, while Alexander Campbell, John Thacker and T.S. Mort failed to be elected. An increasingly wide division was apparent at the 1851 elections between the squatting party and the merchants and city professionals as the natural leaders of the anti-squatting and anti-transportation movements. But because of differing attitudes to the squatting settlement and the emerging issues surrounding the future constitution, the latter could not develop a coherent political position. 87 This situation was to change in the 1850s as urban middle class liberalism

86 ibid.

87 ibid., 13 September 1851; Irving, 'Liberal Politics in New South Wales', p. 296.
was polarised in opposition to the constitutional arrangements proposed by Wentworth and other conservatives to maintain their political domination. Urban liberalism was to be triumphant in the late 1850s and early 1860s with the introduction of almost complete manhood suffrage in 1859 and the amendment of the land laws to allow selection in 1861-2.  

Why were merchants not more active in colonial politics in the period when they played such an important role in the colonial economy? In general, in their mercantile - as distinct from their pastoral activities - there was little cause for political action. They were virtually unrestricted in their entrepreneurial ventures. As a matter of British government policy the local administration adopted a laissez faire attitude to commerce. Except for a few formal objections to duties, merchants had no complaints against the government. Perennial public outcries over monopolistic practices by merchants were not regarded as sufficiently serious as to merit official action.

In the 1840s when there was intense public debate on issues affecting the future of the colony, merchants who might have been members of the legislature had been financially crippled by the depression. Two in particular, Richard Jones and A.B. Spark may well have become nominated

or elected members of the Legislative Council. Merchants and ex-merchants like Walker, Panton, Lamb, Boyd and Berry, who were members of the Council in its early years, were serving as a duty to the community. Their attendance was at some personal cost, as they were not paid and could give less time than otherwise to their business affairs. Donaldson was only in his early thirties when he first showed an interest in entering the Council. It is clear from his drive to succeed in any venture he undertook and his opinion of his own abilities that he expected to make a name for himself as a politician. Newer arrivals like Thacker, Lyall and Fanning were no doubt too involved in establishing themselves in business and did not have a high enough public profile to seek election during the 1840s.

The 1840s were years of growing political maturity for the colony as the Council battled with the local administration and the British government over the right for self determination in respect to land control, the colonial revenue and the form of the constitution. In these developments, commercial matters and the merchants themselves played only a peripheral part. The attitude of the pastoralists generally to the merchants was epitomised by Thomas Walker's statement as a witness before the Select Committee on the Franchise in 1844. When asked if he thought that the agricultural and grazing interest was preponderant in Council he replied:

When I consider that this is emphatically an agricultural and grazing country, I do not know that they have an undue preponderance. We have no
commerce arising from manufactures and the merchants are merely the employees of the agriculturists and graziers.

Similar views were stated more forcefully by Wentworth. Speakers favouring 'interests' as the basis of representation in the electoral debate also emphasised the lack of manufactures as a reason for not increasing the city representation.

As Walker had been a leading merchant and wool exporter for twenty years, his statement seems difficult to reconcile with the important role he and other merchants played in advancing on and purchasing wool and generally supplying the pastoralists with credit. Dyster has linked the denigration of the merchants' importance with the question of whether there was an independent mercantile interest up to the 1840s. He answers by noting that, as in Britain, merchants aspired to become landed gentry. It seems that merchant-graziers like Walker looked on their fellow merchant-graziers more as pastoralists and country gentlemen than as merchants and hence tended to denigrate mercantile activities. In exporting colonial staples the merchants were considered to act as agents for the pastoralists. It is also likely that the stress on the lack of manufactures reflected previous experience in Britain, where commerce was largely identified with manufacturing. In contrast, the political interest of Lamb and his supporters among the merchants was centred on the city and its progress as a

commercial entity, albeit with only a small manufacturing component, rather than as an appendage to the pastoral industry. This dualism in the merchants' views polarised their reaction to issues like squatting, land policy and legislative representation.

For most of the thirty years prior to 1851 the role of the leading merchants in colonial politics was not distinguishable from that of the landed gentry. There was always a number of less prominent merchants who identified with Wentworth's anti-exclusive lobby in the 1820s and 1830s, but once the partly elected Legislative Council was established there is no evidence of any group of merchants being politically opposed to the squatters until the late 1840s. Sydney and its environs was a convenient place for merchants to live and conduct their business, but there was no distinctly urban ethos in their attitude, as they were heavily engaged in and dependent on pastoralism. As the unity of the gentry broke down under the impetus of diverging views on political questions in the later years of the decade, it appeared to some merchants that urban and commercial interests were being given insufficient consideration in constitutional developments. The transition to thinking in urban terms was epitomised by Lamb in his fierce opposition to the political domination of the squatters and his pledged support of commercial interests and the aspirations of the urban working class. 90

90 Connell and Irving, Class Structure in Australian History, pp. 113-115.
CHAPTER 14
THE MERCHANTS AND COLONIAL SOCIETY

The composition and structure of society in New South Wales changed greatly between 1821 and 1851. In the early 1820s the inhabitants comprised predominantly convicts and ex-convicts, but by mid century ex-convicts constituted only a small fraction of the population, which had grown from around 30,000 to 180,000. This was due principally to the arrival of large numbers of working class migrants during the 1830s and early 1840s. Apart from the substitution of mainly immigrant for convict labour, life in the country districts and on the pastoral frontier changed little. The transformation of society was most evident in Sydney and other urban centres like Parramatta and Newcastle.

At the beginning of the period, Sydney with a population of around 7,000 contained a high proportion of convicts working on government projects, but this changed in the following years as convicts were assigned to settlers in the interior. From a society comprising convicts, ex-convicts and a few free settlers and government officials, Sydney's population grew to almost 50,000 and diversified to include a substantial working class, a lower middle class of self employed tradesmen and shopkeepers, a middle class of less prominent merchants, manufacturers, various professionals and lesser government officials and an upper class consisting of leading merchants, absentee landed gentry and
squatters, leading professionals and senior government officials.

Despite its growth and comparative sophistication, by mid century Sydney was still decidedly provincial in the way its citizens adhered to a rigid social stratification. Apart from the distinctions drawn between immigrant and emancipist merchants as already discussed, there were social gradations based mainly on commercial status within the ranks of the merchants themselves. Some, like Aspinall, Browne, Bettington, Gore and Donaldson, who had family ties to well established British merchant houses, could take their place among the élite of the colony on arrival. Others, like Spark, Icely, Dawes and Gosling with wide commercial experience and good education could soon establish a leading position in colonial society if they proved successful in commerce, pastoralism or both. The status of ex-master mariners like Lamb, Bunn, Dacre and Towns depended on personal connections, both in Britain and the colony, and again the extent to which they were successful in business. ¹ Other migrants with a mercantile background such as Rapsey, Mitchell, Pritchett and John and George Paul - some of whom arrived with substantial capital - became auctioneers with only a limited interest in overseas trade. Auctioneering was not a sufficiently 'respectable' calling to allow its practitioners to enter the upper levels of colonial society, particularly as some of them, like Pritchett and Rapsey, associated socially with

¹ Dyster, 'The Fate of Colonial Conservatism', p.347.
emancipists. Mort, who became a successful auctioneer in the 1840s was an exception, but he had established his credentials for 'respectability' before he took up auctioneering. Finally there were the self-made men such as John Jones and Abraham Polack who were despised by Donaldson and like-minded merchants because of their lower class origins.

The concept of 'respectability' among the merchants was epitomised by Donaldson when he advised his Melbourne partner, James Graham, that:

The object is to get settlers to give us wool and to give them in exchange either money at a reasonable rate of advance, or sugar, tea, tobacco, etc. at the market prices. You never become a dealer in this and the kind of business is therefore much more respectable.

There was a clear cut distinction between grades of wholesale and retail merchants and shopkeepers. In the late 1830s, Mrs Meredith noted that:

Merchants with 'stores' don't know other merchants who keep 'shops' and the shopkeepers have, I doubt not, a little code of their own, prescribing a proper distance to be observed between drapers, haberdashers, butchers and pastrycooks.

Attitudes to social structure tended to be influenced by the status of the observer. In the mid 1840s John Brown Watt, working as a clerk with his uncle John Gilchrist of

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Gilchrist and Alexander and with ambitions to become a partner in the firm, noted that:

Here society is divided into two classes, the first being mostly the sons of fallen great men, younger sons, and respectable merchants; the second is a nameless class, being mostly composed of persons who cannot give a proper account of themselves, and sons of convicts. This class is rigorously excluded from the former.

A visitor to Sydney in the early 1840s observed that "the company admitted to Government House is the only one with which it is desirable to associate", as this was the "readiest test of station and character". The leading merchants such as Spark, Lord, Richard Jones and Thomas Walker were regularly invited to vice regal functions. They and other leading merchants could consider themselves as members of the colonial gentry and as such many of them were appointed as Justices of the Peace. During the 1830s almost one-third of the import-export merchants were magistrates at one time or another. Although the wealth of the leading merchants was not great by European or North


6 SMH, 27 February 1838. Twenty-four merchants were invited to Gipps' first levee; Spark Diary, Various references to official functions.

7 M. Roe, Quest for Authority in Eastern Australia 1835-1851, Melbourne, 1965, p. 41.

8 New South Wales Calendar and General Post Office Directory, 1832-1837, and Tegg's Pocket Almanac and Remembrancer, 1838-1842.
American standards, the amounts by which some of them defaulted during the depression indicates that they had access to funds sufficient to allow an opulent lifestyle. The residences of the wealthier merchants and other gentry were "surprising in their number and costliness", with their owners emulating the living style of upper British society. They built themselves mansions on ample estates adjacent to the city; "elegant villas, with rooms of noble dimensions, expensively furnished with almost every luxury to be found in a gentleman's in England and environed by beautiful gardens." 

The merchants who resided in the city were located in fairly close proximity to Sydney Cove and Darling Harbour. John Lamb occupied [Spencer Lodge] at Miller's Point during his sojourn in Sydney. The house was a "charming residence" overlooking Darling Harbour, the appearance of which was enhanced by "shrubs and evergreens". The Bligh Street premises of Robert Campbell Jr., designed by Francis Greenway, was later occupied by the Union Club. The house was a "large building of clean Regency lines having rather a


10 Meredith, Notes and Sketches of New South Wales, p. 53; Cunningham, Two Years in New South Wales, p. 241.

11 W. Verge, John Verge Early Australian Architect - His Ledger and His Clients, Sydney, 1962, p. 68.
lumpy general appearance” (Fig. 1). Thomas Gore's residence was described as

That elegant and commodious dwelling-house in O'Connell Street... containing entrance hall, dining and drawing rooms, kitchen and cellars below, with four bed rooms on the first floor.... There is a carriage entrance from O'Connell Street; also one in the rear, from Spring Street.

Among the finest examples of mansions outside the city, were Tusculum and Tempe, built by A.B. Spark. Tusculum at Pott's Point, was designed by John Verge and completed in 1836 (Fig.2). It was later used as a hospital and the drawing room was large enough to become a ten-bed ward. Spark did not occupy the house, as he had decided to build a 'country villa' as his permanent residence and leased Tusculum to Bishop Broughton. In the early 1830s Spark built Tempe on the banks of the Cook's River. It was one of the most admired houses of the time, with its white colonnades, landscaped gardens and exotic shrubs and vines (Fig.3).

In the late 1830s Richard Jones exchanged his city residence for Darlinghurst, a "splendid Italian villa,... fitted with every degree of taste and elegance". It had previously been the property of Thomas Urmson Ryder,

12 M. Herman, Early Australian Architects and their Work, Sydney, 1954, p. 81.
13 W. Verge, John Verge, p. 168.
14 ibid., pp. 97-98; Herman, Early Australian Architects, p. 169; Spark Diary, p. 40.
15 ibid., pp. 1 and 43.
one of the few wool brokers of the period. It was later occupied by Stuart Donaldson who re-named it Kellett House. 16 Roslyn Hall, designed for Thomas Barker, was situated at Rushcutter's Bay and was unique in that each of the bedrooms was reported to have a bath let in flush with the floor (Fig. 4). One of the "finest examples of early Australian architecture" was Macquarie Fields House near Liverpool, the residence of John Hosking (Fig. 5). 17

The social activities of the merchants matched the elegance and refinement of their houses. Apart from attending vice-regal functions such as levées and balls, the merchants held balls and soirées in their own houses and took advantage of Sydney's mild climate to enjoy picnics and fêtes for charitable causes. Spark records a fête on the occasion of the consecration of St Peter's Church, in the planning of which he had played a leading part -

The scene from Tempe...was very animating... the boats skimming over the water, the multitudes of carriages on the other side, and the constant influx of new arrivals. Eighty-five carriages were counted at the Church... from thirty to forty ladies and gentlemen remained after the multitude had passed away, and pleasantly passed the time in dancing and singing till midnight. 18

An independent observer at the fête reported -

On this occasion I had the opportunity of seeing a specimen of the best society in the colony, and I looked in vain for any mark by which I could distinguish it from any refined or genteel company


17 Herman, Early Australian Architects, pp. 114-115 and 213.

18 Spark Diary, pp. 112-113.
in England. The equipages were fashionable; the ladies in general were pretty, and elegantly attired; and the gentlemen were equally unexceptionable in their dress and demeanour.

The ambition of many of the merchants was to follow the tradition of their English counterparts and become 'country gentlemen'. In this vein a number of the most successful merchants, such as Icely, Bettington, Donnison, Richard Jones and Thomas Walker, abandoned commerce to concentrate on their pastoral interests. Walker's statement that "merchants were merely the employees of the pastoralists" reflected the entrenched British upper class attitude to commerce as conferring a lesser social status than land owning. The merchants with extensive pastoral properties had what appeared to be an advantage over pastoralists in general, in that they were not entirely dependent on stock, wool and wheat sales for their prosperity. However, in many cases this advantage proved illusory when depression struck in 1841. The preceding boom conditions had encouraged merchants to obtain excessive credit either from the banks or by withholding remittances, in order to maintain their various operations and property speculations, which frequently left them more vulnerable to the withdrawal of credit than the pastoralists.

19 ibid., p. 113 (Footnote).
Fig. 1: West Elevation and Ground Floor Plan of House Designed by Francis Greenway for Robert Campbell Jr. in Blight St. (From M. Herman, Early Australian Architects and their Work, p. 82)
Fig. 2: Tusculum. Designed by John Verge for A.B. Spark at Pott's Point. (Courtesy Mitchell Library).
Fig. 3: Conrad Marten’s Sketch of Tempe - Residence of A.B. Spark on Cook’s River. (Courtesy Mitchell Library)
Fig. 4: Roslyn House at Rushcutter's Bay - Residence of Thomas Barker. (From M. Herman, Early Australian Architects and their Work, p. 115)

Fig. 5: Macquarie Fields House, Country Estate of John Hosking. (From M. Herman, Early Australian Architects and their Work, p. 215)
Like other leaders of colonial society the merchants were involved in charitable organisations established to provide services for the working class and the poor. The Benevolent Society was the longest standing of such institutions, having been formed as early as 1809. Merchants predominated on the committee of the Australian Bethel Union or Seamen's Friends Society, which dated from 1826. As a bastion against the moral turpitude of the society in which they lived, free settlers tended to actively support the religious denomination to which they belonged. Leading Sydney citizens, including merchants, formed the committees of the predominantly Protestant organisations such as the Auxiliary Bible Society, the Australian Religious Tract Society, the Church of England Book Society and the Australian Diocesan Committee. Of these charitable and religious organisations, Richard Jones was treasurer of four, while Robert Campbell Jr., William Dawes, Edye Manning, Francis Mitchell and Thomas Walker were each represented on at least two committees.20

The merchants, like other settlers, were interested in ensuring an adequate education for their sons and were active on the committees of the Australian College which commenced teaching in 1831 and the Sydney College which opened in 1836. These colleges were intended to fit colonial youth for further education at a British university. Some of the merchants and other colonists were

20 Australian Almanac and Sydney Directory, 1835; Tegg's Pocket Almanac and Remembrancer, 1838-1842.
also concerned with adult education. The arrival of increasing numbers of working class migrants in the 1830s, many of whom were tradesmen and artisans, collectively known as 'mechanics', prompted the formation of the Sydney Mechanics School of Arts in 1833. It derived from similar institutions in England and its object was "the diffusion of scientific and other useful knowledge as extensively as possible". Regular lectures were given on a variety of scientific subjects and a library and museum were established. By 1838 there were 600 members, most of whom were mechanics. A number of leading colonists, including the merchants Thomas Barker and Thomas Walker, were on the committee of management of the School.21

Among the settlers during the 1820s were men of some education such as A.B. Spark who was a bibliophile and aspiring poet, Berry who had a university education and Alexander McLeay, Colonial Secretary, who was a classical scholar and entomologist. Together with some of the long-time colonists and government officials they established the Australian Subscription Library in 1826 with around sixty members, of whom ten were merchants. There was an entrance fee of five guineas and an annual subscription of two guineas.22 The Library expanded and eventually grew into the State Library of New South Wales.

21 Atkinson and Aveling (eds.), Australians 1838, pp. 257-259; Tegg's Pocket Almanac and Remembrancer 1838-1842.
22 General Meeting of the Australian Subscription Library, 26 February 1826.
As well as participating in the funding and management of community service organisations, the merchants joined with their social equals to foster sporting and social clubs for their own recreation. Horse racing had always been popular in the colony and the Sydney Turf Club was formed in 1825. The Club suffered from the political divisions within the upper levels of society during Darling's governorship. This led to some members forming the rival Australian Racing and Jockey Club in 1829 in protest at the behaviour of Wentworth and his supporters in their criticism of Darling and his administration. There were similar troubles when efforts were made to form the Australian Club from 1836. Prospective members agreed on the desirability of such a club, but 'party spirit' generated by opposing attitudes to Bourke's policies and Wentworth's Patriotic Association delayed its formation until 1838. The eventual emergence of the club owed much to the efforts of young Stuart Donaldson, who had friends and associates among the landed gentry as well as the merchant community. The departure of Bourke in December 1837 also helped to relieve local political tensions.  

As trade expanded in the 1830s the life of the merchants became very crowded. This development is illustrated most graphically in the diary of A.B. Spark. At one time or another in the 1830s and early 1840s he was on the provisional committee or a director of eleven joint stock

companies, in some of which he undertook more than nominal duties. For instance, he agreed to procure equipment for the Australian Gas Light Company through his London agent and was intimately concerned with the location and building plans for the Royal Exchange Company. He was agent for over twenty ships annually in the later years of the decade, and besides disposing of their cargo and securing return cargoes, he arranged for charters to other merchants. Between times he made yearly visits to his properties in the Illawarra and the Hunter Valley. He was also making extensive purchases of town property in Sydney and Melbourne and adding to his country estates. In 1840 he held fifty-two land titles which he valued at £40,000, although admitting that most of it was unproductive. In addition he was involved in community activities, including the building of a church at Cook's River and the work of the Australian Relief Fund.

While merchants and other respectable colonists were prepared to co-operate in the management of educational, charitable and religious organisations, they were less successful in forming and maintaining organisations for their own mutual benefit. Reference has been made to the problems with the Bank of New South Wales, the Chamber of Commerce, the Royal Exchange Company, the Turf Club and the Australian Club. Another example was the New South Wales Agricultural Society formed in 1822, the progress of which

25 Spark Diary, p. 32ff.
was marked by "lethargy and torpidity" despite the expansion in agriculture and grazing during the 1820s. It was instrumental in encouraging the importation of improved breeds of sheep, but by the early 1830s was virtually defunct. The failure of the Society has been ascribed to a number of causes, chief among which are lack of a permanent secretariat, lack of interest in its affairs by members who were heavily involved in their business, pastoral affairs and public duties. Also social and political divisions among the colonists during the Darling and Bourke administrations contributed to lack of purpose in the Society. From the mid 1830s a number of regional agricultural and horticultural societies were formed, including the Sydney-based Australian Floral and Horticultural Society comprising mostly "smallholders, orchardists and lesser townsfolk". This society broke up because of internal dissension over management and was replaced by the Australian Botanic and Horticultural Society in 1848, in which leading colonists participated with the Governor as patron and the merchants Spark and Mort as committee members.

It might have been expected that the rising tempo of commerce and rural production in the 1830s would have resulted in the strengthening of existing organisations for the exchange of information and mutual co-operation. In the

27 Ibid., pp. 35-44.
mercantile sphere co-operation on matters such as wharfage and waterside labour would have given the merchants greater leverage on questions of land resumption and competition with private wharves when the Circular Quay was under construction and in connection with the attempts of the waterside workers to organise for higher wages.

Despite government and bounty immigration programmes, shortage of labour was a problem on the Sydney waterfront in the 1830s and led to demands for higher wages from labourers. In 1837 merchants and shipowners met in response to a demand from waterside labour for a daily wage of four shillings instead of the three shillings currently paid. It was felt that paying higher wages would encourage seamen to desert and the meeting came to the conclusion that -

This meeting views the conduct of the seamen and labourers in the port of Sydney as the acts of a systematic organised lobby whose intentions are not yet fully developed, but whose objects, if accomplished would materially retard the progressive advancement of our colonial marine.

The meeting agreed to continue paying three shillings per day "with full and ample allowance of provisions" and this was successful in maintaining the status quo.28

The desertion and general lack of discipline of seamen, which had been a perennial problem in the port of Sydney, became more pronounced during the 1840s. Labour shortages and relatively high wages ashore induced dissatisfaction with wages and conditions among ships' crews. The resultant

28 Herald, 16 March 1837; Atkinson and Aveling (eds.), Australians 1838, p. 141.
rate of desertion, absenteeism and insubordination often caused delays in the sailing of ships, increasing the costs to merchants and shipping companies.\(^{29}\) Frustration with this situation was evident at a meeting of the commanders of overseas, inter-colonial, coastal and whaling ships in March 1846. The commanders, supported by the presence of a number of prominent merchants, resolved that -

Owing to the present inefficiency of the laws respecting the merchant seamen in this colony it has been found impossible for owners, agents and commanders of vessels either to protect the property entrusted to their charge, or in any way to expedite the increasing commerce of the port.\(^{30}\)

It was claimed that "as soon as seamen arrived in this port they seemed to believe they could do as they liked". If seamen who absented themselves in port were arrested on a captain's information, they were reprimanded and returned to their ship, but frequently absconded again despite loss of wages. The Water Police came in for particular criticism as they could not arrest seamen except for assault or other criminal activity. The police were generally regarded as inefficient and unable to control drunkenness on the wharves. The meeting agreed that a petition should be presented to the Governor and Legislative Council to legislate to correct evident deficiencies in the law relating to the control of seamen. A committee comprising among others the merchants John Gilchrist, Salting, Thacker and Francis Mitchell was appointed to present the petition.

\(^{29}\) Towns to Brooks, 4 January and 21 September 1848, Towns Papers, MSS 307(123); Towns to G. Marshall, 8 May 1848, ibid., MSS 307(114).

\(^{30}\) Herald, 4 March 1846.
There is no evidence that the petition was ever presented to the Council. 31 No legislative action was taken to meet the complaints, although two acts relating to the desertion of foreign seamen and the protection of merchant seamen from various impositions were passed in 1846 and 1847 respectively. 32

It was not only the merchants and rural settlers who could not combine for their mutual advantage. Between the early 1830s and late 1840s the colony witnessed the "irregular appearance and disappearance of no less than eighteen or perhaps twenty trade societies". 33 These were mutual benefit associations of tradesmen and artisans such as cabinetmakers, typographers, shipwrights, and coachmakers to provide sickness and disability benefits, but they were also concerned to some extent with wages and conditions of work. 34 The rise and fall of these societies had much to do with the flux of colonial society itself. In "reflecting the social and economic conditions in which they were operating", they "displayed a multiplicity or confusion of purpose". 35 There was a dichotomy in their efforts to

31 ibid.
32 Votes and Proceedings, 1846, 21 May, p. 17, and 1847, 4 August, p. 489.
33 L. Thomas, Development of the Labour Movement in the Sydney District of New South Wales 1788-1848, (Typescript), Canberra, 1962, pp. 27ff.
35 ibid., p. 265.
adjust to, or change existing terms of employment or to achieve individual economic independence by members working on their own account. Consequently the societies were weak and were only tentatively concerned with problems which were eventually to face the working class in urban occupations as industry developed. 36

There was a number of impediments to co-operative action on labour and other issues by merchants and pastoralists. In the 1820s and 1830s opportunities for speculative ventures were favoured by the almost continuous expansion in commerce and pastoralism. There was little time or apparent advantage to be achieved by mutual co-operation. In the case of pastoralists, their widely scattered locations made this virtually impossible. Merchants competing for wool and other staple exports and possibly involved in monopoly trading in Eastern products were not interested in any move which might inhibit or draw attention to their various speculative ventures. They were also reluctant to see any measures of regulation introduced into a system which seemed to be offering ever widening avenues of speculative gain. 37

Some of this was evident in discussion on the reasons for lack of co-operative action among merchants by the Herald in 1851 when reporting the eventual commencement of operation of the Royal Exchange Company. It was regretted that among the 'old established traders' there —

36 ibid., p. 276.

37 Butlin, Australian Monetary System, pp. 244-247; Votes and Proceedings, 1838, 1839, Evidence before the Committee on the Insolvent Debtors' Bill.
was want of union, an absence of fellow feeling, an impossibility of acting together for the purpose of devising or carrying into effect any measures affecting public welfare.

It was not difficult to assign the reason -

the state of society was equivocal; there was (to use a colonial phrase) a sort of 'stand off feeling'; large pecuniary dealings were carried on between men who looked upon one another with suspicion and dislike in any near or more confidential transactions.

If this was true of the mercantile expansion of the 1820s and 1830s, times and attitudes had changed by the late 1840s when merchants began to appreciate the advantages of cooperation to share burdens in the purchase and shipping of wool.

While generally receiving public acknowledgement for their contribution to colonial progress, at times the merchants attracted criticism. The perennial complaints of monopoly in the supply of sugar, tea and wheat have already been mentioned. Much ridicule and acrimony was also directed at merchants during the 1840s depression for their often selfish and irresponsible actions. They used their privileged position for their own advantage to the detriment of others and failed to give a lead in probity and accountability when many colonists were facing financial disaster. Many of them suffered economic and social degradation during the depression, and they and the survivors were less socially flamboyant in the straitened economic conditions which continued during the 1840s.

38 SMH, 18 August 1851.

During this period commercial matters were overshadowed by the attempted squatting ascendancy. The leading merchants, as squatters themselves, shared the social aspirations of the squattocracy, while not always supporting the latter's bid for political domination.

As conspicuous members of the upper echelons of colonial society merchants in general accepted their responsibilities as magistrates, as members of the Legislative Council and in the financial support and management of charitable, educational and religious organisations. Their dual role as merchants and pastoralists and their comparative wealth allowed them to embrace an elegant lifestyle as country gentlemen. In their heyday in the 1830s independent observers recognised that they lived in a style equal to "any refined or genteel company in England". Most of those merchants who survived the depression, successfully negotiated the difficult years of slow recovery up to the gold discoveries and consolidated their position as trade again gathered momentum in the late 1840s and early 1850s. Some of them, such as Alexander Campbell, Breillat, Donaldson, Lamb, Salting, H.G. Smith and Towns went on to make further contributions to colonial progress through their commercial undertakings or participation in politics or both.
CONCLUSION

In accounts of the progress of the colony of New South Wales between 1821 and mid century, the merchants have been unjustifiably neglected by historians. Their substantial contribution to the success of the wool industry has not only been almost entirely ignored, but their role in the wool trade has been denigrated by Roberts and Barnard, two of the main historians of the pastoral industry. The failure to give due credit to the merchants is no doubt associated with the lack of manuscript sources relating to their private and commercial activities. It could also be related to contemporary attitudes to their role in the wool trade as stated by Thomas Walker and Wentworth, and to the myth of the rapacious merchant taking advantage of the struggling squatter by exacting exorbitant interest on loans and advances. Roberts and Abbott subscribe to this myth and Barnard makes passing reference to it. It presumably emerged from reports of unsuccessful or disillusioned squatters and is perpetuated in reminiscences and fiction of the last century. A case in point is The Rise and Fall of the Australian Wool Kings - A Romance of Port Phillip quoted by Barnard, where interest of thirty percent on credit for the supply of stores is mentioned.\(^1\) It is also typified in the song "The Settler; or Billy Barlow in Australia", wherein the unfortunate Billy claims to have been charged three hundred percent interest to renew a bill he tendered a

merchant for supplies. Similarly, although merchants initiated and controlled colonial whaling, they have received scant mention in the few accounts of the whaling industry.

In their financial support of the wool industry and their entrepreneurial activities in exploiting other staples, the hundred or so overseas traders most of whom migrated to Sydney in the thirty years before 1851, operated as agents for the supply of raw materials for the ever increasing demands of British industry. In general their motivation was the desire to build up credit in London in order to ensure the supply of manufactured imports. This objective was not always easy to achieve by individual merchants because of the adverse trade balance of the colony with Britain for most of the period. British capital from the sale of manufactures was therefore retained and used in the competitive struggle among the merchants to secure wool shipments by purchase or on consignment.

The competition between Sydney merchants for wool exports was paralleled by the eagerness of London merchants to supply goods to the colony. In the local boom periods of the mid 1820s and 1830s an increase in imports occurred, followed by a sharp decrease during the ensuring depressions. While the economic downturn between 1827 and 1831 affected pastoralists because of the concomitant drought, the maintenance of capital inflow via new arrivals

2 Abbott, The Pastoral Age, pp. 75-79.
and the retention of remittances, allowed merchants to take advantage of low stock prices, acquire real property and expand business premises. In the 1840s depression conditions were different for the merchants. The majority had acquired heavy local or British debts and in some cases both in the speculative boom preceding the depression and could not sustain the withdrawal of credit. Those who struggled through the first two years because of their privileged position as bank directors or proprietors, mostly succumbed in the bank crisis of 1843.

The relative severity of the two depressions can be gauged from a comparison of Sydney trade statistics. Between 1827 and 1830 total imports increased by approximately fifteen percent in value, while imports from Britain increased by five percent. In the same period the value of total exports and exports to Britain both increased by about one hundred percent. Between 1840 and 1843 total imports and imports from Britain both decreased by about fifty percent in value, while total exports rose by six percent and exports to Britain rose by three percent in value. It can be seen that both depressions resulted in a significant balance of trade advantage for the colony. Although this advantage was relatively greater in the earlier depression, it was still substantial in the 1840s. In the latter case it allowed the colony to achieve an export surplus for the first time in 1844. Despite the temporary economic hardships they imposed, the depressions
had a salutary effect in putting a brake on the rising rate of imports.

For many Sydney merchants speculative trading to the East and South America was an adjunct to that with Britain. Items like tea, sugar and grain had been imported of necessity from the East Indies, India, Mauritius and China in the first thirty years of settlement because of the restrictions on trade with Britain. The early traders like Lord, Robert Campbell, Richard Jones and their contemporaries had little option but to restrict their trading to the Pacific and Indian Oceans where they had opportunities to circumvent the monopoly of the East India Company. The country traders of India and Canton were also active in trading with the colony as the population increased in the Macquarie period. From the 1820s the speculative nature of this trade by Sydney merchants led to the cycle of relative glut and scarcity in the main items of Eastern trade, with resultant public outbursts over monopoly trading. However, this trade only occasionally exceeded about fifteen percent of the total value of imports and was often much less.

The most important business activities of the Sydney merchants during the pastoral expansion grew from their relationship with the pastoral industry. This relationship has been dealt with at some length in earlier chapters and has been shown to differ somewhat from previous accounts both in detail and in the assessment of the relative
importance of the role of the merchants. For most of the period the Sydney merchants were responsible for consigning a large proportion of wool exported either through purchase from or advances to the graziers. As the main source of local credit the merchants were the mainstay of the pastoral industry and hence played an integral part in its attainment of supremacy in providing colonial exports.

In colonial politics, in the 1820s and 1830s the merchants in general acted with the exclusives in opposing the Wentworth-inspired agitation for greater political autonomy for the colony, with its implicit sponsorship of legal and political rights for emancipists. It was not until there were divisions in the ranks of leading colonists over the squatters' bid for dominance, that some of the merchants found common cause with city professionals and other businessmen to constitute an urban-centred liberal opposition to the squatters as the colony moved towards self-government. However, the merchants played a relatively small part in the more intense political atmosphere following the establishment of the partly elected Legislative Council in the 1840s, mainly because of their high rate of insolvency. But it is likely that, had merchants like Spark and Richard Jones been included in the new Council, on the evidence of their earlier actions, they would have been closer to Donaldson than to Lamb in their attitude to the political issues faced by the legislature.
Like other capitalists, the merchants came to the colony to attain wealth through commerce, pastoralism or both. It is highly likely that most of them did not expect to spend the remainder of their lives in the antipodean colony. They would have anticipated returning to their homeland when they had attained sufficient capital to enjoy a life of leisure. Inevitably some died before they had the opportunity to return to Britain permanently. Some, after years in the colony, found they had no desire to return. Others fulfilled their original expectations and returned to Britain to spend their last years in affluence. A few returned to their homeland, but after a time came back to the colony for business reasons or because they missed the Australian climate or style of living. Of the Sydney migrant merchants, the numbers who stayed and who returned permanently to Britain were about equal.

The merchants in the Australian colonies during the pastoral expansion were in general both merchants and pastoralists. They therefore had knowledge and understanding of the production as well as the marketing side of the industry. They were, in effect, doubly dependent on pastoralism; as producers and marketers of wool. Because of this integration between the merchants and the pastoral industry, they were able to play a role equal to that of the pastoralists in the growth of the wool trade. Additionally, they were almost entirely responsible for the development of subsidiary staple exports. By their commercial entrepreneurial activities they were the
principal contributors to the advantageous state of colonial overseas trade at mid century. But their part in advancing the economic status of the colony during the pastoral expansion has been undeservedly neglected. They greatly expedited the growth of a free enterprise society and were instrumental in creating commercial conditions to support the social and political advances which led to the granting of self-government in the early 1850s.
APPENDIX 1

MERCHANT DIRECTORS OF SYDNEY BASED
JOINT STOCK COMPANIES IN 1841

A few of those included below, like R. Bourne, David Jones and Richard Peek, although leading merchants, were involved in overseas trade to only a limited extent. The various non-merchant company directors comprised serving or retired officials of the colonial administration, professionals, mainly lawyers, and leading pastoralists residing in close proximity to Sydney:

<table>
<thead>
<tr>
<th>Company</th>
<th>Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Australasia</td>
<td>T.C. Breillat, W. Dawes, A.B. Smith, (3 of 5 local directors).</td>
</tr>
</tbody>
</table>

* Tegg's Pocket Almanac and Remembrancer 1841 and 1842.
<table>
<thead>
<tr>
<th>Company</th>
<th>Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sydney Ferry Company</td>
<td>F. Mitchell, J. Barker, A. Berry, E. Haslingden, A. Mosman (5 of 13).</td>
</tr>
<tr>
<td>Australian Gas Light Company</td>
<td>J. Barker, A. Hallen, S. Peek, A.B. Spark (4 of 12).</td>
</tr>
<tr>
<td>Australasian Colonial and General Life Assurance and Annuity Company</td>
<td>T.C. Breillat (1 of 3).</td>
</tr>
<tr>
<td>Australian Trust Company</td>
<td>T. Barker, R. Jones, J. Lamb (3 of 5).</td>
</tr>
</tbody>
</table>
APPENDIX 2

The criteria for selection of the listed import-export merchants are regular appearance in newspaper advertisements as agents for overseas ships and as substantive importers and exporters of goods as per shipping lists. The month and year of insolvency were determined from the State Archives insolvency records and insolvency reports in the Sydney Morning Herald. The dates given are those when assets were assigned to Trustees. In some cases schedules were completed at a later date.

**Insolvent Merchants 1840-1844**

<table>
<thead>
<tr>
<th>Merchant</th>
<th>Approximate Date of Insolvency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Anderson</td>
<td>December 1840</td>
</tr>
<tr>
<td>Duke and Company</td>
<td>November 1841</td>
</tr>
<tr>
<td>Lord and Haslingden</td>
<td>February 1842</td>
</tr>
<tr>
<td>Weller Brothers</td>
<td>March 1842</td>
</tr>
<tr>
<td>Thomas Gore and Company</td>
<td>June 1842</td>
</tr>
<tr>
<td>Wilson Brothers</td>
<td>November 1842</td>
</tr>
<tr>
<td>R.G. Dunlop</td>
<td>April 1843</td>
</tr>
<tr>
<td>Drake and Company</td>
<td>May 1843</td>
</tr>
<tr>
<td>Randolph Dacre</td>
<td>July 1843</td>
</tr>
<tr>
<td>John Jones</td>
<td>August 1843</td>
</tr>
<tr>
<td>Prosper De Mestre</td>
<td>August 1843</td>
</tr>
<tr>
<td>Daniel Egan</td>
<td>September 1843</td>
</tr>
<tr>
<td>Hughes and Hosking</td>
<td>September 1843</td>
</tr>
<tr>
<td>Francis Mitchell</td>
<td>September 1843</td>
</tr>
<tr>
<td>A.B. Spark</td>
<td>September 1843</td>
</tr>
<tr>
<td>J.H. Grose</td>
<td>October 1843</td>
</tr>
<tr>
<td>Archibald Mosman</td>
<td>October 1843</td>
</tr>
<tr>
<td>Richard Jones</td>
<td>November 1843</td>
</tr>
<tr>
<td>R.T. Thomson</td>
<td>November 1843</td>
</tr>
<tr>
<td>H. and J. Moore</td>
<td>February 1844</td>
</tr>
<tr>
<td>Willis and Sandeman</td>
<td>February 1844</td>
</tr>
<tr>
<td>Campbell Hill and Company</td>
<td>February 1844</td>
</tr>
<tr>
<td>J.W. Gosling</td>
<td>March 1844</td>
</tr>
<tr>
<td>Edye Manning</td>
<td>May 1844</td>
</tr>
<tr>
<td>R. Campbell Jr.</td>
<td>September 1844</td>
</tr>
<tr>
<td>Montefiore Breillat and Company</td>
<td>December 1844</td>
</tr>
</tbody>
</table>
APPENDIX 3

Debt Distribution of the More Heavily Indebted Merchants

The information in this Appendix was gleaned from the insolvency files of the New South Wales Supreme Court held in the State Archives. These consist of individual files for each insolvent person or company and generally contain the schedule and a series of affidavits submitted at creditors meetings, detailing the debts particular creditors considered due from the insolvent. These were often greater in value than stated in the schedule. It was also usual for additional debts to be proved and for some of the creditors not to bother pressing their claims. In some cases there are statements made by individual merchants at examinations before the Chief Commissioner or the Supreme Court, as well as tabulated disbursements on one or more occasions. Frequently a certificate of discharge is included.

In the following summaries of debt distribution no attempt has been made to reproduce the often voluminous detail of the files. Rather the information has been condensed to the extent necessary to show the distribution of debt of the fourteen most heavily indebted merchants. The amounts in the various categories of debt are necessarily only approximate and have been rounded to the nearest £1,000.

The amounts owed to individual merchants listed were mostly less than £15,000. The only exception was Gore and Company, which claimed to be owed £90,000. In all cases these debts were due from dozens to well over one hundred local companies and individuals. In only a few cases did the total amount owed by graziers to particular merchants exceed twenty percent of the amounts claimed.
## Summary of the Debt Distribution of the Most Indebted Merchants

<table>
<thead>
<tr>
<th>Company</th>
<th>AONSW Ref.</th>
<th>Debt Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>British Merchants</td>
</tr>
<tr>
<td>Duke and Co.</td>
<td>2/8683</td>
<td>£175,000</td>
</tr>
<tr>
<td>Hughes &amp; Hosking</td>
<td>2/8748</td>
<td>£145,000</td>
</tr>
<tr>
<td>Gore and Co.</td>
<td>2/8694</td>
<td>£113,000</td>
</tr>
<tr>
<td>Willis Sandeman and Co.</td>
<td>2/8773</td>
<td>£89,000</td>
</tr>
<tr>
<td>Lord and Co.</td>
<td>2/8661</td>
<td>£88,000</td>
</tr>
<tr>
<td>John Jones</td>
<td>2/8780</td>
<td>£70,000</td>
</tr>
<tr>
<td>Moore and Co.</td>
<td>2/8772</td>
<td>£70,000</td>
</tr>
<tr>
<td>A.B. Spark</td>
<td>2/8744</td>
<td>£61,000</td>
</tr>
<tr>
<td>R. Dacre</td>
<td>2/8801</td>
<td>£55,000</td>
</tr>
<tr>
<td>R. Jones</td>
<td>2/8761</td>
<td>£49,000</td>
</tr>
<tr>
<td>Drake and Co.</td>
<td>2/8730</td>
<td>£44,000</td>
</tr>
<tr>
<td>Mitchell and Co.</td>
<td>2/8754</td>
<td>£41,000</td>
</tr>
<tr>
<td>J.H. Grose</td>
<td>2/8751</td>
<td>£34,000</td>
</tr>
<tr>
<td>R. Anderson</td>
<td>2/8719</td>
<td>£33,000</td>
</tr>
</tbody>
</table>

* Figures in this column include relatively small amounts owed to insurance and loan companies.

** There is insufficient information to assess the debt of Willis, Sandeman and Company to local banks.

*** Richard Jones owed approximately £12,000 to Eastern merchants apart from his other debt.
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