How to organise a ‘capital strike’: The British Australasian Society and the Queensland government, 1899–1924∗

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Money power and the imperialism of free trade

This paper is part of a wider study of the changing forms and dynamics of British ‘money power’ in eastern Australia from the mid-nineteenth century to the eve of the Great Depression of the 1930s. The term ‘money power’ is used here as convenient shorthand for the influence of outside investors, capitalists and bankers on politics and economic arrangements in a host society.1 This is the sense in which Darwin has recently used it when referring in passing to the City of London’s informal influence on governments in South America in the late nineteenth century: ‘They dare not offend the money power in London: the consequences of an investment famine were too dire.’2 Indeed, the enormous British investment in that region made it an obvious target for local critics of Latin America’s dependence on foreign capital. This predominance of British investment and commerce even led one British economic historian in the early 1930s to coin the

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∗ The research in Australia for this paper was funded by British Academy Small Research Grant 53920; further research in the United Kingdom was assisted by the University of Leicester.

1 The term, of course, was commonly used in a broader sense, as by the American populists, to identify all concentrations of financial power regardless of their origin.

term ‘informal economic empire’ (or more briefly ‘informal empire’), although he was thinking of ‘empire’ here in a metaphorical, non-political sense. After the Second World War, these various strands of thought contributed to Latin American variants of the theory of capitalist imperialism, the formulation of the dependency model, and Gallagher and Robinson’s argument about the ‘imperialism of free trade’. Their applications, in turn, generated heated controversy amongst British historians of Latin America and informed the perspectives of imperial historians like Darwin.

By contrast, until recently these debates found barely an echo in the histories of investment in Britain’s own settler colonial societies. In Australia’s case, for example, radical historians took the link between investment and imperialism for granted; the country’s leading economic historian, N. G. Butlin, simply rejected it out of hand. This started to change when Peter Cain and Tony Hopkins published their work on ‘gentlemanly capitalism, most notably the first edition of British Imperialism.

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‘Gentlemanly capitalism’, it will be recalled, was the form of British capitalism associated with service enterprise, above all the financial sector. It was a social and cultural form deeply rooted in the British governing class as well as the most dynamic economic element in British overseas expansion from the mid-nineteenth century. This dynamism proved itself remarkably resilient after 1914. Importantly for us Cain and Hopkins emphasised the colonies in North America and Australasia, together with the Latin American settler societies, as sites of informal British power and influence. The dominant forms of British investment may have varied in the white colonies and the southern cone, but Britain’s financial commitment was just as significant in each. Similar conditions existed for an ‘imperialism of free trade’ in the sense in which Gallagher and Robinson applied it to the settler colonies and South America from the mid-nineteenth century; similar challenges were created by political change in each region, especially from the 1890s. Nevertheless the contrasts between the Anglophone and Latin settler worlds are also striking. Financiers, investors and companies ventured their capital in the colonies in co-ethnic communities that retained strong orientations to the home society. They faced few cultural barriers to entry and their opportunities for collaboration with the colonists themselves (with whom, of course, they were often

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interchangeable) were numerous. Over and above all this, a residue of formal imperial power was preserved, even after the devolution of local government from the 1840s, which continued to interact (albeit reluctantly) with the informal economic power that had substantially replaced it. In summary, then, these are the parallels and contrasts I explore in my own work.

This paper focuses on one part of this larger study. It examines how British companies operating in the pastoral sector, the main destination of British direct investment in eastern Australia, responded to the emergence of new economic and political conditions from the 1880s. The challenges they encountered, particularly from the political drive to encourage greater (i.e. ‘closer’) settlement in outback districts, combined with a more strident colonial nationalism, created a growing sense of insecurity and isolation. In important respects, the tensions that arose between the companies and colonial governments were a conflict between views of the world that were incommensurate: one that of businessmen and investors for whom contracts were inviolable; the other responsive to local political exigencies and wedded to the notion of the sovereign rights of the state in its transactions with private parties. From the late 1890s, the companies and other British investors demanded greater certainty from colonial governments over security of tenure and the extent to which land held on

10 ‘Collaboration’ is an equally controversial, and frequently misunderstood, term; it is taken here to refer to mutually advantageous arrangements made within a framework in which the structure of incentives is determined for one side by a dependent relationship with an economically more powerful partner. ‘Collaboration’ does not imply dictation or a one-side bargains; nor does it preclude disagreement or tension; Robinson, ‘Non-European Foundations’.


leasehold would be resumed for the purpose of sub-division and closer settlement. The issue became mixed with grievances over the aggregation of closer settlement blocks by graziers and the need to recapitalise after a period of severe drought. The investors’ demands had been all but met by 1905, but they then faced a new political risk —the prospect of the election of majority Labour governments in eastern Australia that would try to reverse their gains.

The tensions between pastoralists and government were greatest in Queensland. During the 1880s, the pastoralists boycotted the Dutton Land Act (1884), which allowed the government to resume large areas at the expiry of a lease, until it was amended in their favour. At the beginning of the century, they bargained with the government for five years until satisfied with the relief measures they were offered. Finally, in 1920, the British companies and their collaborators orchestrated a boycott of the state’s loans in the City of London when a labour ministry refused to honour the bargain that had finally appeased them.

The remaining sections of this paper consider respectively the rise and changing context of British investment in the pastoral industry; the formation in 1899 of the British Australasian Society (an association of British investors in the industry), and the Society’s relations with the Queensland government to 1924; and finally, what can be learnt from the rise and activities of the BAS about the changing relationship between investors and governments in the British settler world.

13 The pastoralists’ preoccupation with resumption and the aggregation of grazier selections emerges strongly in the correspondence of William Davidson, the General Manager of the New Zealand and Australian Land Company, with the company’s agent in Melbourne; e.g. NZALC Outward Correspondence, 1898–99, GD 435/407, National Archives of Scotland (NAS); R. L. Heathcote, Back of Bourke: A Study of Land Appraisal and Settlement in Semi-Arid Australia (Melbourne, 1965), p. 139.

British pastoral enterprise in eastern Australia

The three main destinations of British capital in colonial Australasia were public loans, mostly those issued by colonial governments in London; urban real estate, financed from several sources; and the pastoral industry. Pastoral enterprise, as we have already noted, was also the main form of direct investment. British banks and land finance companies provided the money that allowed pastoralists to stay afloat, sell their wool, acquire land and improve its carrying capacity; other British companies invested directly in pastoral enterprise itself or became pastoralists by default because of foreclosures. Typically, like all pastoralists or ‘squatters’, the companies held large properties (or ‘runs’) on long lease from the Crown. This pattern had originated during the 1830s, when British settlers broke out from the original bridgeheads of convict settlement and occupied much of south east Australia. A similar extensive occupation occurred in the north when new pastoral districts were thrown open after the colony of Queensland, almost three times the size of France, was carved from New South Wales in 1859. By mid-century, the most favoured land had been locked up by squatters. As a result, land was soon the dominant political issue when the colonists acquired self-government in the 1850s. Displaced prospectors and other immigrants lured to the colonies by the gold discoveries in Victoria and associated boom in eastern Australia demanded access to farm land. Urban politicians saw their opportunity to break the squatters’ political power and throw the sheep runs open to selection by small holders. The ensuring

15 Butlin, *Investment in Australian Economic Development*.
18 This is a stock theme in Australian colonial history; see S. Macintyre, *A Concise History of Australia* (Cambridge, 1999).
struggles were long and rancorous, and social divisions deepened when the squatters brazenly exploited the weaknesses of the original legislation and its administration. Much of this bitterness persisted in colonial political culture and was transferred to the British companies when they became more prominent on the pastoral scene.

Even without the threat of selection, pastoralism was a highly risky enterprise. Prices were unpredictable and natural hazards considerable and poorly understood. In these circumstances, corporate organisation had significant advantages over individual holdings or private partnership, particularly from the 1880s when pastoral occupation moved onto the semi-arid plains beyond the dividing range. Companies had better access to capital and managerial talent and were able to spread risk over several districts and in more than one colony. With the passage of the British acts of the 1850s and early 1860s, they also became relatively simple to create. The British investor now had a convenient limited liability form for the consolidation of existing interests and financing of new ventures. At the same time British-registration allowed businesses already operating in the colonies to re-structure and tap metropolitan capital. As a result, from the late 1870s British companies were a growing presence on the western plains, either as lenders and mortgage holders or as leaseholders in their own right.

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19 N. Cain, 'Companies and Squatting in the Western Division of New South Wales, 1896-1905', in A. Barnard (ed.), The Simple Fleece: Studies in the Australian Wool Industry (Melbourne, Vic., 1962);


Operating conditions in the industry, however, were starting to deteriorate.\textsuperscript{22} From the 1880s, closer settlement policies became more effective because of legislation like Queensland’s Dutton Act.\textsuperscript{23} Costs rose with the movement onto more marginal land and the need to take measures against rabbit infestation, which imposed greater strains on a fragile environment. Industrial relations became more unstable at the point that wool prices started to weaken. At the beginning of the 1890s, the pastoralists won a major trial of strength with the shearers’ unions. They required assistance from colonial governments and the union movement concluded that it should organise politically. During the 1890s and into the new century, labour parties made a growing impact on colonial politics. Farmers and graziers were also increasingly active.\textsuperscript{24} The language of oppositional politics thus took on a more nationalist, radical and populist tone in ways that suggest parallels with political developments in some of the Latin republics on the other side of the Pacific.\textsuperscript{25} In parts of the labour movement the older rhetoric of colonial

\textsuperscript{22} Unless indicated, the developments described in this paragraph are summarised in Macintyre, Concise History; N. Cain, ‘Pastoral Expansion and Crisis in New South Wales 1880-1893: The Lending View’, Australian Economic Papers 2 (1963), pp. 180-198; and J. Merritt, The Making of the AWU (Melbourne, 1986), ch. 1.

\textsuperscript{23} Roberts, Land Settlement, p. 309; Heathcote, Back of Bourke, pp. 46, 134–35.


nationalism and hostility to the squatter combined with new ingredients—socialism, anti-imperialism and hostility to the ‘money power’—to produce a new kind of class politics. The language of this politics was already clear in 1899 in the Queensland Worker’s response to news that British investors in the pastoral industry had formed an association in London. The Worker was the organ of the Australian Labour Federation, a Queensland trades council dominated by the bush unions. Describing the association as ‘a big “combine”’, the newspaper concluded: ‘the absentee dividend drawers in England mean to dictate ... the land legislation they believe necessary for themselves first and the people of this continent afterwards.’ Thus the political space in which big pastoralists could be readily accommodated was narrowing. The final stroke for the pastoralists was natural disaster. Between 1895 and 1906, the industry was struck by a series of severe droughts. At its nadir in 1903, stock numbers had collapsed by almost three-fifths.

These shocks affected the entire pastoral industry, but the British companies suffered the triple disadvantage of being squatters, absentees and agents of British capital. By 1898, 18 companies (including four British-registered banks) held pastoral leases in Queensland. Many also operated across the colonial border in New South Wales. Faced with severe drought, the loss of land and uncertainty over future tenure,

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27 ‘A Big “Combine”’, *Worker*, 5 Aug. 1899, p. 3.


they weighed the odds of new investment. In December 1898, William Davidson, the general manager of the Edinburgh-based New Zealand and Australian Land Company (NZALC) wrote to his company’s agents in Melbourne:

> it is very difficult to make up one’s mind to spend large sums of money on improvements of which we are pretty certain to be deprived, and with what compensation it is very hard to estimate, when apparently Government’s chief object is to give us as little as possible, and [to] view squatters generally as a class to be gradually exterminated.30

It was questionable whether it would even be possible to recoup much of the capital that had already been invested. Like the pastoralists in the colonies themselves, the investors concluded that they would have to act collectively to protect their interests.

**The British Australasian Society and the Queensland government, 1899–1924**

In November 1898, R. J. Jeffray, a director of the Australian Pastoral Company, was circulating a proposal for the creation of an association in London to represent the British interests in the Australian pastoral industry.31 This body, named the British Australasian Society (BAS), was formally established in May the following year, with Edmund T. Doxat, the chairman and managing director of Dalgety & Co., as its president.32 Davidson of the NZALC, who was a member of the executive committee,

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31 W. S. Davidson to R. J. Jeffray, 22 Nov. 1898, GD 435/325, fol. 373, NAS.

32 *The Times*, 16 Nov. 1900, p. 13, which reports the first annual meeting and gives the formation date. The first vice-presidents were John Sanderson, a partner in the wool-importers
wanted the association to do whatever it could to assist the election of sympathetic politicians to the Queensland legislature. In the event, the majority view appears to have been against this and the Society’s constitution disavowed ‘any intention to intermeddle in party politics’. The BAS’s three main objects were:

(a) To collect and circulate important information regarding Australasian legislation affecting the interests involved or the capital engaged.

(b) To consider what practical steps would be taken at any time for the protection of the common welfare.

(c) To maintain regular communication, and co-operate with kindred bodies in Australasia.

At the end of its first year, the Society had 48 members, including 24 institutions and firms.

Davidson was disappointed that the BAS would not become involved in politics and described its main purpose as to educate public opinion within the colonies. They

Sanderson & Murray, and Charles Grant Tindall, the main shareholder of the Australian Meant Company, the holder of several properties in Queensland and NSW, and a director of the Scottish Australian Investment Company (SAIC); G. T. Stilwell, ‘Tindal, Charles Grant (1823–1914)’ and P. A. Pemberton, ‘Sanderson, Sir John (1868–1945), Australian Dictionary of Biography (I have assumed that Sanderson was the latter’s father). Tindall’s affiliation with the SAIC is given in *Morning Bulletin* (Rockhampton, Queensland), 1 Aug. 1900, p. 6.

33 W. S. Davidson to R. J. Jeffray, 22 Nov. 1898, GD 435/325, fol. 373; NAS.

34 BAS constitution published in the *Chronicle* (Adelaide, South Australia), 22 July 1899, p. 44.

35 *Chronicle* (Adelaide, South Australia), 22 July 1899, p. 44

36 The Capricornian (Rockhampton, Queensland), 22 Sept. 1900, p. 39, reprinting a report from the *British Australasian* of 9 Aug.

37 W. S. Davidson to Messrs Dennys Lascelles Austin & Co, no. 377, 11 May 1899, GD435/408, fols 68–69, NAS.
agreed, however, that land policy in Queensland should be the Society’s first priority.\(^38\)

In October, Doxat and his vice-presidents wrote to the colony’s premier asking for legislation to mitigate the ‘loss of capital and destruction of existing ownership’ that would be caused by continuing uncertainty over tenure when the current pastoral leases expired.\(^39\) The following June, Doxat and a large deputation from the Society met the colony’s chief secretary and former premier, J. R. Dickson, who was in London with the Australian delegation to oversee the passage of the Commonwealth constitution through the Imperial Parliament. Doxat asked for a five-year extension to the current leases to allow sufficient time for the British investors to recover their capital.\(^40\)

By 1904, although not completely satisfied, the Queensland pastoralists and the BAS had managed to strike a bargain with the state government. In return for the leaseholders coming under the terms of a 1902 Land Act which went a considerable way to meeting their demands over tenure, the government agreed to pass an amendment limiting any future rent increases to a maximum of fifty per cent.\(^41\) This all-important concession, however, was soon threatened. In 1910, the Lands Minister suggested that:

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\(^38\) W. S. Davidson to R. J. Jeffray, 15 Dec. 1898, GD 435/325, fol. 410; Board minutes, NZALC, 25 April 1899, NAS; *The Times*, 16 Nov. 1900, p. 13.

\(^39\) The letter, dated 16 Oct. 1899, is printed in *The Brisbane Courier*, 6 April 1900, p. 7; it is replied to by Philp (Premier, Queensland) to the BAS, 3 May 1900, item ID 862856, Queensland State Archive (QSA). This large bundle includes correspondence retrieved from the Department of Public Lands before the Premier’s visit to London in 1924.

\(^40\) *Morning Bulletin* (Rockhampton, Queensland), 1 August 1900, pp. 6–7.

\(^41\) Arthur Morgan (Premier) to John Cameron, MLA (President of the United Pastoralists’ Association of Queensland), 18 May 1904 (top-numbered to 24/3671), Item ID 862856, Correspondence, QAS; for the BAS, R. J. Jeffray to John Cameron, 9 Aug. 1902; STATEMENT Respecting PASTORAL TENURE in QUEENSLAND in relation to SECURITIES held by BRITISH INVESTORS, 11 Aug. 1902 and attached undated cables to and from London (all top-numbered to 24/3671), Item ID 862856, QSA; NZALC to Messrs Dennys Lascelles Austin & Co, 11 June 1903, GD435/412, fol. 85, NAS.
‘It should never have been made into law’. On the advice of departmental officials, he excluded the fifty per cent limitation from a new Bill to consolidate all existing land legislation. It was reinstated after representations by the pastoralists and criticism in parliament that the government would be breaching contracts. Five years later, the Labor Party won a majority in the Legislative Assembly for the first time and the new ministry soon introduced a bill to amend the Land Act by removing the statutory limit. Between 1915 and 1919 (despite Labor’s re-election in 1918), the bill was rejected five times by the conservative Legislative Council, whose members were life appointees. Finally, in February 1920, the new premier, Edward Theodore asked the acting Governor, a former Labor minister, to swamp the Council and forced the legislation through.

From the outset, the British companies and the BAS condemned the measure as ‘repudiation on the part of the Queensland Government’. Feelings were embittered by the sectarian and class divisions that had been opened in Australia during the war over the Irish Troubles and the struggles to introduce conscription. Queensland’s government was the only Labour administration not to split and lose office over the latter. F. A Keating, the chairman of the Australian Pastoral Company and a partner in the London merchant bank Antony Gibbs & Sons, described the ministry as ‘sort of

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The British Australasian Society and Queensland

mixture of Bolshevik and Sinn Fein’. The accusation of breach of contract had always been the most direct attack possible on any borrower’s credit in the City of London. The Queensland government wanted to raise money in England to finance a new development programme. The companies had their own ideas and quickly moved to lock the state out of the capital market. The obnoxious ‘Repudiation Act’ stayed on the statute book, but a settlement of the dispute was not negotiated nor the London boycott lifted until 1924.

Informal influence, collaboration and coercion

Five points can be made about this long history of negotiations, slowly accumulating tensions, and ultimately open conflict. These are about, respectively: the significance of the formation of BAS in 1899; the success of ‘free trade imperialism’ to 1915; the basis of coercion through the London capital market; the limits to coercion after 1918; and, finally, the need to find a new basis for collaboration after the settlement of the dispute in 1924.

First, the formation of the BAS was an entirely new development in the history of British capital in Australia. Indeed, as an industry body it is difficult to find parallel organisations associated with concentrations of British corporate investment in other


regions. After the Baring crisis, the British railway companies operating in Argentina had formed a committee to negotiate with the Rothschild Committee and the Argentine government over the non-payment guaranteed monies, but the Buenos Aires authorities refused to recognise it. This appears to have been the government’s consistent position. Only during the 1930s, when expropriation became a possibility, did the companies start to cooperate again. Until then, Lewis insists ‘the various railways did not, in fact, seek to operate in concert, or to institutionalize their common interests’.\(^49\) In fact, the nearest equivalents to the BAS were the pastoralists’ associations within the Australian colonies themselves. Like them, it was a product of circumstances within eastern Australia during the 1890s and drew on overlapping constituencies. The first Queensland Pastoral Employers’ Association (despite its name, a regional body) was formed in 1889; a United Pastoralists’ Association in the colony followed at the end 1890. Like kindred organisations elsewhere in Australia, both were responses to the rise and growing militancy of the shearers’ unions.\(^50\) The British companies’ own station managers were presumably already active in the colonial associations, and one of the BAS’s principal objects was to cooperate with them.

The Society nevertheless was at pains to emphasise that, while it shared the aims of the pastoralists’ organisations over tenure, its standpoint and method of seeking redress were different.\(^51\) Many of the BAS’s leading members were pastoral leaseholders themselves, but the Society introduced itself to the colony’s ministers as


\(^{51}\) Deputation to Dickson, 7 June 1900, reported in *Morning Bulletin* (Rockhampton), 1 Aug. 1900, pp. 6–7.
‘representatives of British investors in Queensland securities’. In this respect, it was closer to a bond holders’ association in London than an industry body. The BAS’s formation could thus be interpreted as marking a new self-consciousness and a new assertion of the interests of specifically British capital in Australia. It is hardly surprising that it should coincide with the final phases of the federation movement in the colonies. It signified a new defensiveness; an awareness of the need to act collectively and of the importance of establishing alliances. This combination of self-consciousness, assertion and defensiveness was most explicit when the Society threatened to cut off investment to the pastoral industry in Queensland. In 1902, it announced after the latest failure to obtain satisfactory legislation:

> It is sufficient to say that those who are concerned here must respectfully but firmly declare that they can no longer conceal from themselves the menace to British Securities jeopardised by the present precarious position, and that they regard the postponement of redress as the prolongation of a period of uncertainty which is calculated to destroy confidence in the future: they must further declare that, failing a speedy reversal of the Government’s decision, they will be most unwillingly compelled to withdraw their capital from Queensland and to withhold any additional supplies of capital beyond what is absolutely required for the purpose of maintenance until that withdrawal can be effected.53

52 Ibid; BAS to Premier, Queensland, 16 October 1899, printed in Brisbane Courier, 6 April 1900, p. 7.

53 STATEMENT Respecting PASTORAL TENURE in QUEENSLAND in relation to SECURITIES held by BRITISH INVESTORS, 11 Aug. 1902, unregistered (top-numbered to 24/3671), item ID 862856, QSA.
Until the election of the Labour government in 1915, however, these threats were tactical moves. Overall, the investors were successful in getting what they wanted. This is the second point to be made. From 1899, the BAS relied almost intuitively on the characteristic methods of ‘free-trade imperialism’ to improve conditions of tenure and limit future rent increases. They created local alliances and lobbied colonial ministers, who were ultimately responsive to their requirements. In other words, they used ‘the collaborative mechanism of partnership’ to convert ‘external economic power into internal political cooperation’.54 Edmund Doxat’s representations as BAS president in June 1900 might be taken as a textbook statement of a collaborationist view of Anglo-colonial relations: ‘The British investor was not an alien, nor was he an absentee in the invidious sense of that word, seeing that he was, and had been, an indispensable co-operator with the colonist—the interests of the investor and the colonist were indissoluble.’55 As late as 1910, the collaborative mechanism still yielded the necessary results. The relief measures secured in Queensland at the beginning of the century were remarkably favourable to the pastoralists of the western plains.56 They created the conditions for further expansion by the British companies to the eve of the First World War.57 This may have been one reason why they were so outraged when Queensland Labour repudiated the bargain of 1904.

55 Deputation to Dickson, 7 June 1900, reported in Morning Bulletin (Rockhampton), 1 Aug. 1900, pp. 6–7.
56 Roberts, Land Settlement, p. 320; Heathcote, Back of Bourke, 49
57 E.g. Despite resumptions, between 1898 and 1915, the NZALC increased its leaseholds in Queensland from 2,625 square miles in 1898 to 8,373 square miles in 1915. This excludes freeholds which were also acquired after 1898; Queensland Government Gazette, vol. 71 (1898) and 105 (1915). According to Heathcote, company control (i.e. UK and locally-registered) in the Warrego region, which straddled Queensland and New South Wales, peaked in 1929; Back of Bourke, p. 184.
When the collaborative mechanism finally broke down, the British investors tried to turn the City of London’s effective monopoly until then as a supplier of capital to Australia to their own advantage. This is the third point. As we have just seen, the threat to withhold and even withdraw investment had always been kept in the background, even though the lengths to which the pastoral companies were actually prepared to go before 1915 were never clear. As far as the companies were always concerned, the abolition of the rent limitation would be a breach of a legal contract between the Queensland government and its tenants. This was a more than sufficient basis on which to mobilise the City and the wider investing class against the state government.

The BAS mounted its campaign through the British press, the London Chamber of Commerce and the Committee of the London Stock Exchange, which threatened to remove Queensland government bonds from the Official List, thus rendering them virtually unmarketable. The Society’s most effective tactic, however, was to make it impossible to underwrite any new long-term issue for the state in London. The arrangements for floating such loans were already highly concentrated. The stockbroker, Sir Robert Nivison (soon to be Lord Glendyne) organised the underwriting for the issues of all of the dominion borrowers, except New Zealand. Although the evidence is limited, the Anglo-Australian financial institutions, including the trading banks, clearly participated in Nivison’s arrangements as sub-underwriters of dominion loans. They were also amongst the major creditors of the Queensland pastoral industry.

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58 See, for example, Andrew Williamson’s statement to shareholders at the AGM of the Australian Estates and Mortgage Company, *The Times*, 4 Oct. 1918, p. 13, cols A and B.


As early as 1900, the British Australasian, a London newspaper for expatriates and ex-colonists, had made the connection when reporting the BAS’s original efforts to improve security of tenure: ‘Queensland would probably find her public credit improved by an equitable settlement of this matter, for no doubt investors in Queensland pastoral interests belong to the same class who put their money into state securities.’ In June 1918, the main Anglo-Australian financial institutions, meeting at the offices of Dalgety and Co. at 45 Bishopsgate in the City, passed a resolution (the ‘Bishopsgate resolution’) that the abolition of the rent limitation in Queensland would be a ‘grave breach of Government covenant with Crown tenants [and] render possible a practical confiscation of leases’. They included the Bank of Australasia, the London Bank of Australia, the Union Bank of Australia, and the English, Scottish and Australian Bank (ES&A).

Davidson of the NZALC told his company’s manager in Sydney: ‘We have the Bankers pretty well at our backs’. This, as much as anything else, was because the pastoral companies were already well-represented on the banks’ board. The links were illustrated no better than by the Scots businessmen Andrew Williamson, who signed the Bishopsgate resolution as chairman of the Australian Estates and Mortgage Company. The following November, he joined the Board of the ES&A, becoming chairman in 1920. He had been a member of the BAS since the Society’s formation and was one of the Society’s representatives who negotiated an end to the dispute with Premier Theodore in 1924.

62 The Times, 29 June 1918, p. 10; copy (top-numbered to 23/6935) in item ID 862856, QSA.
63 Davidson to S. McCall-McCowan, no. 631, 16 July 1918, GD 435/455, fol. 466, NAS.
The Bishopsgate resolution was a response to the re-introduction of the Land Act Amendment Act into the Queensland legislature. By 1918 some of the pastoralists and their supporters were already considering putting financial pressure on the state government. In July, the London manager of the Australian Bank of Commerce was instructed confidentially by cable from Sydney to ask Sir Robert Nivison, an individual identified only as ‘Fairbairn’ (most likely Stephen Fairbairn, a director of Dalgety and Co.), and others about ‘the feeling in financial circles regarding [the] trend of Queensland legislation’ as well as their ‘considered opinion as to [a] future loan required by [the] Queensland government’. Davidson of the NZALC, who had also been asked by his Sydney manager to discuss the matter with Nivison after speaking to the Australian Bank of Commerce, did not believe for a moment that the stockbroker would allow himself to be mixed up in any protest against the state government. Nevertheless, whatever his position, Nivison would be unable to offer terms for a Queensland loan if a sufficient number of his sub-underwriters refused their support. This is exactly what happened when Edward Theodore, the state premier, came to London in May 1920 to try to arrange a loan. Without an agreement with the BAS, Nivison told Theodore, a loan ‘would be a certain failure and he would not be able to get it underwritten’. In November 1923, the General Manager of the Bank of Australasia explained what had happened to the Bank’s chief officer in Australia:

65 The Censor passed the cable, which is mutilated, on to the Colonial Office, ‘Telegram received from Censor’, 9 July 1918, registered as CO 32962, CO 418/175, fol. 4, TNA PRO.  
66 Message from Sydney, 10 July 1918, GD 435/483, fol. 65 (reverse); Davidson to McCall-McCowan, no. 631, 16 July 1918, GD 435/455, fols 465–66, NAS  
67 Cablegram, Theodore to Acting Premier Fihelly, 6 June 1920 (top-numbered to 21/3070), item ID 862856, QSA.
As you are aware ... [Theodore’s] failure to obtain support in his efforts here was due to the recent legislation in Queensland affecting pastoral leases, which was held to be a breach of contract so greatly affecting the credit of the State as to cause those who in the ordinary way would have lent their assistance, to stand aloof and refuse to underwrite. ... [T]he legislation complained of was inimical to the interests of the banks and mortgage Companies and it was mainly in defence of those interests that the market here declined to entertain Mr. Theodore’s proposals.68

In 1920, Theodore offered the BAS the repeal of the Repudiation Act provided it was prepared to accept the imposition of a higher land tax to balance the rental income foregone. The Society declined, insisting that any tax ‘would ... be no less a breach of faith with the Crown Lessees’.69 There the matter was left. Yet, despite the state’s need for both ready funds and long-term capital in London, the government was able to withstand the lock out in the City because Australian borrowers now had realistic alternatives to the British market. This is my fourth point. Since the outbreak of the European war, one important foundation of British informal power had been undermined. It did not follow that Australian governments were becoming indifferent to British capital. On the contrary, for political reasons, as well as on the practical grounds of cost and marketability, they still wanted to raise money exclusively in the City.70 In this sense, the underlying assumptions and world view that supported free-trade


69 Theodore to Hitchins (Secretary, BAS), 5 June 1920; Hitchins to Theodore, 9 June 1920 (both top-numbered to 21/3070), item ID 862856, QSA.

imperialism still existed. British weakness rather than colonial indifference was making them less sustainable. The alternatives to British capital, however, did mean that the cruder forms of coercion attempted by particular investors or interests in the City would be less effective. It was this that the BAS had largely failed to allow for.

The alternatives were both foreign and domestic. After 1918, North American capital was becoming a realistic, if more expensive, possibility. American financiers were soon queuing to offer Ted Theodore money. Since the 1890s, domestic savings had also been used by governments to supplement overseas borrowings. These assumed far greater prominence during the War. From 1920, therefore, Queensland survived, if not broke, the London strike by drawing on these sources.71 Late in 1920, the state issued a loan for £2 million in the domestic market with the support of the Commonwealth Bank, a publicly-owned institution which was assuming the functions of Australia’s central bank.72 Queensland stock was also sold over the counter. In 1921 and 1922, again with the Commonwealth Bank’s assistance, two loans for a total of $22 million were contracted with the National City Bank of New York, the first by any Australian borrower on Wall Street. Finally, shortly after Theodore left England in 1920, the Bank of England, which issued and managed Queensland stock in Britain, provided a substantial short-term sterling credit to allow the state to meet its immediate obligations.73

For four years, the Queensland premier and the BAS outfaced each other. Labour won two further state elections. By early 1924, however, the government’s need for a

71 See the summary in Schedvin, ‘Theodore and the London Pastoral Lobby’, p. 36; some details are clarified below.

72 Memorandum. Re interview with Sir Denison Miller (top-numbered to 22/136), item ID 950934, QSA

73 Harvey to Agent General, 29 July 1920 (top-numbered to 25/3119), item ID 95119, QSA.
settlement in the City was pressing. Substantial loans would fall due over the next eighteen months and Theodore wanted to avoid using Wall Street to re-finance them. In February, the premier returned to England and resumed negotiations with the BAS. This time they were presided over by the senior partner of Freshfields, the Bank of England’s solicitor. A settlement was finally agreed at the end of March. Theodore undertook to freeze the current rents of the aggrieved pastoralists that had been reassessed under the provisions of the 1920 amendment act. In return, the BAS was prepared to issue a public statement that the Anglo-Australian leaseholders did not wish to embarrass the state’s loan conversion operations.\textsuperscript{74}

Subsequent assessments of this outcome have focused on how far Theodore had backed down.\textsuperscript{75} In fact, neither side could claim a clear victory. By 1924, the companies were politically isolated in Queensland and leading figures like Williamson of the ES&A and Australian Estates were ‘very anxious for a settlement’ in London.\textsuperscript{76} None of the BAS’s successive demands for repeal of the Repudiation Act, an admission of breach of contract, monetary compensation, and finally an extension of leases in return for

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


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stabilisation of rents were met.\textsuperscript{77} The rents, as reassessed, stood, although now there was no possibility of them going higher for the remaining term of a lease.

Finally, the companies themselves had returned to compromise. The capital strike had represented the practical breakdown of informal methods in Queensland rather than the opening of a new phase of British power. This is our final point. Political, social and economic developments within the Australian colonies since the 1880s had contributed to a much greater polarisation of interests and increased the scope for conflict and misunderstanding. British investment had increased, but British investors had become more self-conscious of themselves as a distinct group and of their vulnerability in a more nationalist and self-assertive political environment. In Queensland, these developments had ultimately driven them to a desperate act. The threat to withhold capital finally had to be made good. Yet coercion could only ever be a dead end. Inevitably, the British investors and their hosts would have to find a new basis for collaboration, even if now the balance was more likely to be struck in the latter’s favour. This, however, is a matter for further research.