

Liberty University

The Australian Woolen Industry

British Investment in Colonial Australia: Unraveling the Threads of Economic Development

1788-1850

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ABSTRACT

The purpose of this study is to examine the dynamic relationship between British investment and the development of pastoralism and wool production in Australia from 1788 to 1850. It focuses on the crucial period of early European settlement and the subsequent growth of the wool industry as one of their first major staple industries. This study utilizes a multidisciplinary methodology approach, integrating historical, economic, political, and agricultural perspectives in order to provide a clearer understanding of the factors influencing British investment decisions. Research is conducted into the motivations behind British colonization in Australia with an emphasis on the role of wool production as a significant economic driver. It explores the establishment of the Australian wool industry and its intricate connections to British economic policies, trade networks, and the global demand for wool during the late 18th and early 19th centuries.

Furthermore, this study delves into the key interactions of stakeholders, including British investors, government officials, pastoralists, and local communities in Australia. A critical component of this study is an in-depth investigation into the different phases of sheep farming and wool production in various Australian regions, highlighting the diverse challenges and opportunities faced by investors. In addition, research is conducted into the examination of the staple theory, the role of convict labor, land regulations, and the emergence of large-scale pastoral estates together with the implications of the ever changing climate of British economic policies. It also explores the transformation of Merino sheep breeding and the introduction of new sheep strains, emphasizing their significance in shaping the woolen industry. As a result, this study provides valuable scholarly research into the motivations of British investors, the challenges faced by pastoralists, and the overall impact of these dynamics on the trajectory of Australia's wool industry during a pivotal period in history.

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Chapter 1

Introduction to the Australian Woolen Industry

British Colonial Rule

The period spanning 1788 to 1850 witnessed the birth and formative years of the Australian colonies, marking the history of British expansion and economic ventures. British investment was a dynamic force that played a pivotal role in shaping the economic outline of colonial Australia. In particular, British investment was multifaceted with a focus on the impact of pastoralism and the wool industry. As an imperial power, Britain's assault into the Australian continent was not merely an exercise in territorial acquisition but a strategic maneuver deeply entwined with economic motivations.¹

Because of this, the wool industry emerged as a central economic pillar, offering insights into the intricate relationships between British capital, colonial governance, and local economic dynamics. This academic research aims to unravel the threads of British investment in colonial Australia, exploring the economic, social, and political implications that emanated from this engagement. By adopting a comprehensive historical approach, this research seeks to contextualize British investment within the broader landscape of global economic forces. It shows the interconnectedness of colonial Australia within the larger currents of the British Empire and world capitalism.²

¹Robert Hughes, *The Fatal Shore*, (New York, Alfred A Knopf, Inc, 1987), 38;

²Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 1.

In addition, British hegemony during the nineteenth century played a crucial role in shaping world-capitalist development. The focus was on maintaining productive superiority in the global market through industrial specialization and an international division of labor.³ The woolen industry, in particular, provided a robust economic base for Australia. It allowed for the establishment of a solid trading network, enabling citizens to accumulate wealth and social status. For example, key figures such as John Macarthur and Samuel Marsden emerged as influential freemen. They contributed to the formation of an independent Australian government and nation which would eventually become totally separate from Great Britain.

For that reason, the methodology utilizes economic, military, political, and social in the form of an economic, historical, and political narrative which begins with the discovery of Colonial Australia by British military explorers such as James Cook in 1770. Industries needed to be cultivated for the colony to sustain itself. One such example was agriculture sheep farming by investors, such John Macarthur and Samuel Marsden, in order to bring stability to the Australian colony. In turn, farmers offered employment to British convicts as agreed with the British government and to freemen in exchange for land of their choosing. The methodology of qualitative and quantitative is utilized to identify the data growth of sheep farms and the distribution of wool exported as productive industries. In addition, the economics of the Industrial Revolution demanded that overseas colonies supply Great Britain with raw materials in order to keep the textile factories running profitably so that the supply of woolen products could be guaranteed to consumers.

So when did the Industrial Revolution begin? The Industrial Revolution began in Britain around 1750 as they had land, labor, and capital. What they required from their newly

³Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 1.

won colonies was raw materials. Australia could produce fine wool and ship this product to London on a regular basis. Therefore, fine wool growing as a further specialization sprung from the requirements of textile production in Britain.⁴ Wool also had a backward linkage with tertiary industries through its demand for financial and other services. Additionally, there were final demand linkages because part of the income generated by wool production was spent on locally produced goods and services. In this way, the merging of colonial and metropolitan growth progressed towards global integration. The configuration evolved into an imperial division of labor and capital as British capitalism propelled colonial Australia into the space of the international world market.

Why the Australian penal colony develops? Australia, in particular, New South Wales, had been set up in 1788 as a British penal colony which offered additional space for the British government to house prisoners as jails in England were overcrowded. During the next eighty years, there were over 160,000 prisoners shipped to Australia from England, Ireland, Scotland and Wales instead of being put to death. Many of the prisoners who were taken to Australia had committed petty crimes such as stealing a slice of cheese because they were hungry or had to feed their families. Other crimes included assault, robbery and fraud. One example of such prisoners was an elderly woman from Gloucester who was over 80 years old and not fit for the journey. She was sentenced to the Australian penal colony. Many prisoners died at sea. Harsh sentences were passed down to prisoners which included Australian penal transportation for 7 years, 14 years or even life, even though most of the crimes were minor.⁵

⁴Robert C Allen, *The British Industrial Revolution in Global Perspective*, (Cambridge; Cambridge University Press, 2009).

⁵C A Browning, *The Convict Ship and England's Exiles*, 2nd edition, (London; Hamilton, Adams, 1847).

How did mercantilist policies govern initial trade with Australia? Colonial Australia offered a connection between the store and small farmers which generated a social environment for private capital accumulation. The private economy soon surpassed the public one, even though the state remained the primary source of the means of production, such as land grants and assigned labor. Initially, convicts supplied the labor, which was essential and very valuable in Australia as there was not many freemen. However, every convict faced the same social prospects. He or she served the Crown or, on the Crown's behalf, some private individual, for a given number of years. Then a pardon or a ticket-of-leave would follow, either of which permitted him to sell his labor freely and choose his place of work. Through this emancipist policy, the state produced the small farming population, which also secured the conditions for private accumulation. In so doing, it effectively institutionalized a division of labor between agriculture and pastoralism in the colonial economy.⁶

Furthermore, the fact that the original settlements in New South Wales and Van Diemen's Land were set up as a penal colony is accepted by most historians. However, the disagreements between historians emerge as to the how and when the Australian settlement changed from a punitive settlement to an economic commercial status. According to James McCarty, there existed a dual economy within the penal colony, wherein private enterprise was encouraged by the public enterprise.⁷

Also, Brian Fitzpatrick maintains that the shift in land-granting policy toward the systematic favoring of landed capitalists in the 1820s marked the beginning of the transition

⁶Robert Hughes, *The Fatal Shore*, (New York, Alfred A Knopf, Inc, 1987), 184.

⁷J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 1-22.

from a peasant to an economic commercial society.⁸ As a result, there are many different interpretations as to the causes, characteristics, and timing of this transition. The colony's historical beginnings are disregarded as a representation of an economical commercial changing metropolitan society. In addition, it disregards the fact that the first colonial military bureaucratic state had ingrained capitalist social relations. Even though the staple theory does not explore fully the connections between social relations within settler societies and the world market, it does offer one approach to the beginning of economic development in Australia.

Therefore, the staple approach does offer a theory or an export economy on Australian economic growth in the first half of the nineteenth century.⁹ At the beginning of the Australian colony, the most suitable process of production to Great Britain was to exploit the colony's abundant natural resources of land and minerals. However, this path demanded the creation of a free entrepreneurial class who would be able to supply sufficient capital and enterprise in order to establish an export industry. The local market was in its infancy. It was too small to support such a fast expansion of output. Consequently, in the Australian colony, it would take time, labor, and considerable British investments to establish an export industry. As a result, the establishment of wool exports in the late 1810s marked the beginning of rapid growth, with wool emerging as the top export up until 1851, when gold replaced wool as the staple export.¹⁰

⁸B C Fitzpatrick, *The British Empire in Australia; An Economic History, 1834-1939*, (Melbourne; Melbourne University Press, 1969), 37.

⁹Richard Pomfret, *The Staple Theory Approach to Canadian and Australian Economic Development*, *Business Archives and History*, vol 21, no 2, 1981, 133.

¹⁰J W McCarty, *The Staple Approach in Australian History*, *Business Archives and History*, vol 4, no 1, 1964, 1-22.

Additionally, the start of the quick economic expansion in Australia was instigated by astute and ambitious individuals, including Samuel Marsden, John Macarthur, and Alexander Riley, who were situated in the penal colony of New South Wales.¹¹ They discerned early on that wool exports held the potential for substantial wealth. Consequently, they embarked on a systematic encroachment of the continent through pastoral activities. The unauthorized seizure of land quickly spread from New South Wales to Western Australia and South Australia. Enterprising pastoralists across all Australian colonies comprehended that the occupation of Crown land, though illicit, provided affordable grazing grounds. Furthermore, they held the belief that this land occupation might eventually translate into lucrative legal interests.¹²

So how would the woolen industry in Australia strengthen economic ties to the British woolen industry? Fine wool cultivation, as a distinct specialization, emerged in response to the needs of textile production in Britain. While wool wasn't the sole expanding industry, and not all other industries' output can be solely attributed to wool production, it did evolve into Australia's primary growth sector during this period. It displaced meat as the leading contributor to increased output in land-intensive activities and surpassed whaling and sealing as the predominant export. The growth of wool established connections with tertiary industries by creating demand for financial and other services.¹³

¹¹Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 61.

¹²Michael Cannon, and Ian MacFarlane, *The Crown, the Land, and the Squatter, 1835-1840*, (Melbourne, Melbourne University Press, 1991), 11-12; Jan Kociumbas, *The Oxford History of Australia*, vol 2; Possessions, 1770-1860, (Melbourne, Oxford University Press, 1992), 125.

¹³Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 3.

Consequently, there were final-demand linkages as a portion of the income generated by wool production that was spent on locally produced goods and services. The absence of the wool industry would have significantly altered the course of events between 1820 and 1840.¹⁴ Consequently, the amalgamation of colonial and metropolitan developments revealed a global process, laying the groundwork for an imperial division of labor as British capitalism integrated colonial Australia into the world market.¹⁵ Why was labor needed and developed?

Why did the transportation of convicts from Britain to America cease from 1776-1788? How did the American War of Independence play a vital role in the change of British convict transportation? Until now, America had functioned as a destination for the exile of convicted British criminals.¹⁶ However, with the establishment of the United States as a new nation, the American government drafted the United States Constitution in order to protect their citizens. As a result, they stopped accepting foreign convicts. Consequently, a surplus of prisoners began accumulating in overcrowded facilities at Portsmouth and along the Thames River. This resulted in an expense of an annual figure of 27 pounds per prisoner which was paid for by His Majesty's Government.¹⁷ At that time, the prevailing argument put forth was that prisons were ineffective in reforming criminals. Also, the prevalence of crime in the 1780s was widely accepted. Consequently, there was a lack of effort to categorize or segregate prisoners based on factors such as age, sex, or the severity of their crimes. Women found themselves sharing common wards with men. First-time offenders were housed alongside

¹⁴William Sinclair, *The Process of Economic Development in Australia*, (Melbourne; Cheshire Publishing Pty, Ltd, 1976), 45.

¹⁵Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 53.

¹⁶Robert Hughes, *The Fatal Shore*, (New York, Alfred A Knopf, Inc, 1987), 41.

¹⁷Kit Tulleken, *Library of Nations*, (New Jersey, Time-Life Books Inc, 1985), 51.

hardened criminals. Inoffensive civil debtors were placed close to muggers. And clerkly forgers were placed in with murderers. The prevailing sentiment at the time was that there was no need for distinctions among prisoners, since crime was their common denominator.¹⁸

Also, in 1786 the Prime Minister, William Pitt, was being forced to consider prison reform, but no solutions were offered to reform the prison system. Pitt's administration eventually agreed that a new land was needed to transport convicts too in order to reduce the overcrowded prisons. Shortly before, August 22 1770, Captain James Cook, had discovered Possession Island (10 degrees' south latitude, 219 degrees' east longitude), where he took ownership of land. Subsequently, Captain Cook raised the English colors on behalf of His Majesty King George and named the area as New South Wales.¹⁹

Consequently, in August 1786, the Pitt Administration established a convict colony at Botany Bay, which is recorded as indenting the New South Wales coast at 34 degrees' south latitude. On May 13, 1787, Captain Arthur Phillip led the First Fleet, consisting of eleven ships, from Portsmouth, England. They arrived at their destination in mid-January 1788. The First Fleet carried a total of 736 convicts, including 127 women, 203 men, and the remaining individuals were categorized by age or occupation.²⁰

Notably, none of the individuals transported in 1787 were convicted of murder or rape. However, over a hundred individuals had been found guilty of theft-related offenses, such as highway robbery, where violence had played a role. Of the crimes, 431 were for minor thefts, and some of these crimes were compelled by necessity. Interestingly, no woman was

¹⁸Robert Hughes, *The Fatal Shore*, (New York, Alfred A Knopf, Inc, 1987), 38.

¹⁹John Copley, *Sydney Cove 1788*, (London; Angus & Robertson, 1980), 44.

²⁰Robert Hughes, *The Fatal Shore*, (New York, Alfred A Knopf, Inc, 1987), 38.

transported on the First Fleet for prostitution, as it was not considered a transportable offense.²¹

Among the convicts was Elizabeth Beckford, the second oldest woman who was seventy years of age. She had received a seven-year transportation sentence for stealing twelve pounds of Gloucester cheese. Beckford served her seven-year term in Australia and passed away at the age of seventy-seven, the same year she had completed her sentence.²²

Due to Botany Bay's insufficient water supply and overall land infertility, Captain Phillip made the decision to establish the settlement at Port Jackson which is situated fifteen kilometers to the north. On January 26, 1788, Captain Phillip docked at Sydney Cove. Following this, on February 7, in the presence of civilians, marines, and convicts, Judge-Advocate Collins formally declared Australia a colony of Great Britain. This proclamation involved the reading of Captain Phillip's commission, and the letters patent authorizing the establishment of civil and criminal courts.²³

Apart from this, penal exile had been a provision of English law since Tudor times. In the eighteenth century, British administrations adopted the policy of contracting with individuals to transport convicts to both the West Indies and North American colonies. Upon reaching their destinations, merchants sold the labor of these convicts to planters for the remaining duration of their sentences. They obtained return cargoes in exchange for the labor of convicts.²⁴

²¹Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 6.

²²Convict Database, *Convict Profile, State Archives NSW, Convict List (HO10/7)*.

²³Robert Hughes, *The Fatal Shore*, (New York, Alfred A Knopf, Inc, 1987), 71.

²⁴Jan Kociumbas, *The Oxford History of Australia; Vol 2, 1770-1860*, (Melbourne; Oxford University Press, 1992), 10-11.

As a result, transportation of convicts had clear advantages for Britain. This forced exile served the purpose of relocating undesirable prisoners to remote colonies. Because of this, domestic prisons were more manageable as they were emptied out. It also provided Britain with a substantial labor force. These individuals who had forfeited their rights, could be sent to distant colonies within a growing Empire to undertake tasks that free settlers were unwilling to perform.²⁵ By the early 1770s, the British government was sending around a thousand convicts annually across the Atlantic ocean. Great Britain aimed to achieve three primary objectives. One to remove undesirable individuals from British society. Two, they offered the convicts the opportunity for a change in their environment. And three, the British government supplied the colonies with an inexpensive labor force.²⁶

Hence, the British perspective in the late eighteenth century not only mirrored but also endorsed the practice of utilizing convict labor for their national benefit.²⁷ In 1771, William Eden, a Member of Parliament, proposed that the most severe offenders among the convicts "might be compelled to dangerous expeditions or be sent to establish new colonies, factories, or settlements on the coast of Africa, and on small islands for the benefit of navigation."²⁸

At that time, there were no British settlements in New South Wales with a community of planters to whom contractors could sell convict labor and return to England with loaded

²⁵Jan Kociumbas, *The Oxford History of Australia; Vol 2, 1770-1860*, (Melbourne; Oxford University Press, 1992), 40.

²⁶Jan Kociumbas, *The Oxford History of Australia; Vol 2, 1770-1860*, (Melbourne; Oxford University Press, 1992), 75.

²⁷A G L Shaw, *Convicts and the Colonies*, (London; Faber and Faber, 1966), 399.

²⁸Jan Kociumbas, *The Oxford History of Australia; Vol 2, 1770-1860*, (Melbourne; Oxford University Press, 1992), 77.

cargoes. Consequently, when the Pitt Administration chose to establish this region of New South Wales with convicts, it did mark a departure from past practices. This began a new mode of transportation. With this approach, the government assumed full responsibility for transporting convicted felons to the Australian colony, sustaining them, and employing their labor there.²⁹

Furthermore, in 1788, the only British reform that was being considered at that time was the transportation of convicts to a new land identified as New South Wales.³⁰ An Australian settlement could provide the British Admiralty with a source of timber and other naval supplies. Also, it could serve as a base for whaling in the southern waters and as a port of call for pacific traders. In addition, it would discourage French naval activity in the region. If the convicts worked hard and were returned to society, then opportunities could be afforded to them but, if they did not, they would be too far away to do any harm to British society.

Consequently, during the initial years, the Australian colonists relied heavily on food imports, primarily from Great Britain and faced frequent episodes of starvation. The Governor played a crucial role in ensuring the survival of the Australian colony during this period. Over time, as more land was cultivated, the dependency on overseas supplies lessened. In 1792, Governor Phillip, who had been instrumental in the colony's development, was recalled to England due to ill health. By this point, New South Wales was recognized as a nearly self-sufficient entity.

At that time, the first landowners were individuals who had either served in the military or navy or were convicts whose sentences had expired. The governor granted them titles,

²⁹J M Ward, *British Policy in the South Pacific 1768-1893*, (Sydney; Australian Publishing Company, 1948).

³⁰Robert Hughes, *The Fatal Shore*, (New York, Alfred A Knopf, Inc, 1987), 38.

creating a new class of emancipist convicts, who, in recognition of good behavior, were given a conditional pardon. While emancipists were prohibited from returning to England until the end of their transportation period, they enjoyed most of the rights of freemen.³¹ Consequently, Sydney evolved from a collection of basic huts into a flourishing town. Isolated settlements emerged in the hinterland which extended as far as the Blue Mountains. In the early 19th century, the Blue Mountains were considered an impassable barrier towards westward expansion³²

In particular, John Macarthur, an officer of the N. S. W. Corps, played a pivotal role in steering the colony towards the production of one of its initial exports, that being wool. In the early stages, he conducted experiments with the colony's first iron plough. By the end of 1794, Macarthur had become the colony's most significant farmer and stockholder. In collaborating with Reverend Samuel Marsden and convict Isaac Nichols, Macarthur engaged in sheep breeding, crossing longhaired Bengal and Irish breeds with the goal of obtaining wool rather than mutton.³³

Because of this, in 1801, Macarthur returned from England with Spanish Merino sheep sourced from the flocks of King George III at Kew. In addition, he brought a letter instructing Governor King, the successor to Governor Hunter, to allocate to him five thousand acres of land of his choosing. Macarthur selected the banks of the Nepean at Camden, a location further inland from his original farm located at Parramatta. The early success of wool crops

³¹Kit Tulleken, *Library of Nations*, (New Jersey, Time-Life Books Inc, 1985), 51.

³²Kit Tulleken, *Library of Nations*, (New Jersey, Time-Life Books Inc, 1985), 52.

³³ Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 8.

cultivated by Macarthur served as an inspiration for free settlers. From that point onwards, sheep became the driving force that would successfully surmount the Blue Mountain barrier and facilitate the opening of vast grazing lands.³⁴

As a result, in 1803, Sir Joseph Banks, the Royal Flock master, acknowledged the competitive quality of the first wool samples that Macarthur had brought to London.³⁵ Consequently, this marked the initial connection to the London market for colonial wool and demonstrated its potential suitability for a mechanizing industry at that time. Recognizing this, the forward-thinking Macarthur urged the British government to support and promote the Australian woolen industry. He emphasized that English merchants had taken notice of the wool samples which he had brought with him from New South Wales. He argued that the industry could be established with minimal expense and it would limit the hiring to a few shepherds³⁶

Also, in order to align colonial wools with the specifications of the global market, wool growers found it necessary to run extensive landholdings. These large properties ensured the survival and continuous enhancement of their breeding flocks. In addition, they demanded the consolidation of landholdings and meticulous fleece-breeding practices. This approach contrasted with the prevailing colonial farming method, which reflected the pre-enclosure English model of sheep breeding for mutton on mixed farms with unconsolidated landholdings.³⁷ In 1804, Governor King granted common lands for grazing. He specified,

³⁴Douglas Baglin, *Historic Australia*, (Sydney; Summit Books, 1980), 80.

³⁵G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971), 194.

³⁶James Bischoff, *The Wool Question Considered*, (London; J Richardson, Royal Exchange, vol 1, 1828), 50.

³⁷Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 60.

their use by settlers "as common lands are held and used in that part of Great Britain called England." Only Marsden, Macarthur, and Alexander Riley met these criteria as pioneering wool growers, setting them apart from other pastoralists at that time.³⁸

Undoubtedly, one of the pioneering wool growers' most significant contributions was their foresight and systematic breeding experiments, particularly during a period when colonial wools held little significance overseas. At that time, the majority of colonial sheep were crossbred to provide coarse wools for the manufacturing of convict clothing in public factories. However, in 1811, Marsden expressed in writing that he had dispatched approximately 5000 pounds of wool to England with Admiral Gambier. Marsden held the belief that this marked the commencement of commerce in the new world, anticipating it to bring considerable wealth. This perspective held weight, considering they had initiated their efforts with just fifty thousand merino sheep. The farsightedness and strategic breeding practices of these early wool growers laid the foundation for the development of a thriving wool industry in the new colony.³⁹

Consequently, sheep breeding emerged as the primary means of competing with European wools. The meticulous breeding of flocks aimed at producing fine wool, combined with the establishment of the imperial division of capital, ultimately paved the way for the Australian colonies to access global markets by the 1820s. This successful penetration into world markets facilitated the creation of an exchange link between the store and the small farmers by the Australian colonial state. This, in turn, fostered a social environment conducive to private capital accumulation. The strategic emphasis on breeding and the

³⁸Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 61.

³⁹Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 62.

development of market links played a pivotal role in the evolution of the Australian woolen industry, marking a crucial phase in the economic transformation of the colonies.⁴⁰

Above all, being a pioneer in colonial wool growing for the global market demanded a distinctive type of entrepreneur possessing sufficient capital to be able to support such a highly speculative venture. The pastoralists took charge of marketing their own wool clip. Given the considerable distance of the Australian colony from London, a prolonged circulation period of up to two years was necessary for the wool to be shipped to England, and for the income from wool sales to be realized. Therefore, the pioneer wool growers needed to engage in diverse enterprises in order to secure and facilitate their wool-growing operations. They were not just sizable landed capitalists but also traders with mercantile contracts in London. This multifaceted approach highlighted their adaptability and strategic thinking in navigating the challenges of the wool industry. The pastoralists demonstrated that success in this venture required not only agricultural expertise but also astute business awareness.⁴¹

Consequently, in the absence of specialized wool marketing and commercial credit arrangements, early colonial wool growing was confined to wealthy landowners. These pioneers managed all aspects of the pastoral capital circuit. They provided the initial finances for wool production. They marketed the wool commodity in London. And they sustained operations during the remittance of sales revenue. This exclusive nature of colonial wool growing persisted until the late 1820s when it successfully entered the world market.

Following this penetration into the world market, local wool merchants began encouraging smaller and specialized wool growers who had access to credit and connections

⁴⁰Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 55.

⁴¹James Bonwick, *Romance of the Wool Trade*, (London; Griffith, Okeden and Welsh, 1887).

in London. This shift marked the beginning of divisions in colonial society and politics. In part, these divisions were attributed to the emergence of a class differentiation between the exclusivists, comprising large private settler wool growers, and the emancipists, consisting of ex-convict individuals with capital involved in trade and land. The pioneering of the colonial wool staple commodity played a pivotal role in shaping the socio-economic and political landscape of the time.⁴²

Undoubtedly, the emergence of the exclusive grazers was rooted in the state's initial monopoly over the allocation of land resources. Because of this, the officers of the New South Wales Corps were able to secure large portions of land. This, coupled with a group primarily composed of ex-convict producers, facilitated the growth of large landholding capitalist farmers. As a result, an early divide surfaced between settlers with local economic horizons and growers with an interest in aligning themselves with the British economy, thereby establishing a colonial oligarchy.⁴³

Subsequently, the political transition in colonial Australia was shaped by two concurrent movements. Emancipists solidified democratic opposition against the patriarchal structure of the colonial state, wherein the exclusivist pastoral gentry sought aristocratic rule through their privileged relationship with the governor. Simultaneously, the impact of squatting, coupled with the cessation of convict labor by the late 1830s in most areas, eroded the social organization of a colonial aristocracy. As the landed economy shifted towards

⁴²Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 79.

⁴³Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 12.

extensive squatting and the Colonial Office encouraged middle-class emigrants offering free labor to replace convicts, the foundations of the landed aristocracy crumbled.⁴⁴

Nevertheless, the success of the pastoral industry provided Australia with a crucial staple, and facilitated the complete establishment of three significant colonies. The first colony established was Victoria (initially known as the Port Phillip District of New South Wales). The second colony established was in South Australia. And the third colony established was in Western Australia. Even more, the convergence of a pressing demand from a leading English industry for fresh sources of supply, the country's aptitude for pastoralism, and innovative experimentation resulting in the production of new varieties of wool in substantial quantities allowed Australia to effectively develop wool as a key export. The demands of penal institutions became intertwined with the requirements of the pastoral community.⁴⁵

Furthermore, the pastoral industry attracted a yeomen class of migrants, including farmers' sons with capital, as well as individuals from the fringes of the gentry together with former army officers. Though their numbers were small, this group thrived as a 'bunyip' aristocracy until they were eventually overshadowed by the weight of the growing democratic multitude.⁴⁶ The conventional narrative of New South Wales development before 1851 often shows a shift from a government controlled prison economy to a private enterprise pastoral economy. This perspective suggests that social, political, and economic development is linked

⁴⁴Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 79.

⁴⁵ Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 12.

⁴⁶Richard Preston, ed, *Contemporary Australia: Studies in History, Politics, and Economics*, (Durham; Duke University Press, 1969), 4; "Bunyip", a term given to the aristocracy who held large areas of land in Australia.

to the colony's primary purposes which was initially penal and subsequently pastoral. However, the reality is that economic growth was spurred by staple exports such as wool. Achieving sustained growth required changes in their composition and, consequently, alterations in the structure of colonial economies. Over an extended period of time, there were distinct limitations as to the growth of any single industry.⁴⁷

However, there is a noticeable lack of systematic analyses examining the structures of settler societies in terms of their origins and the transformations as frontiers of European expansion. These analyses generally fall into two categories. The first is cultural-ideological studies. And the second is the staple theories of economic growth. The cultural-ideological perspective draws inspiration from classical theories of social evolution, such as those developed by Max Weber, Émile Durkheim, and Toennies.⁴⁸ This perspective views colonial settlers as embodying culturally ascendant behavioral and psychological qualities, practices, and beliefs that serve as precursors to social transition in Europe. According to this view, settlers are not mere products of the society that they leave behind but carriers of modernizing qualities in an untraceable form, precisely because they are escaping a European environment where their practices conflict with tradition. On the other hand, there is the staple theory of economic growth. While these theories often fall short in exploring the connections between

⁴⁷J W McCarty, The Staple Approach in Australian History, *Business Archives and History* (BAH), vol 4, no 1, February 1964, 1-22; W T Easterbrook and M H Watkins (eds), *Canadian Economic History*, (Toronto, McClelland and Stewart, 1967), x.

⁴⁸Max Weber, *Protestant Ethic and the Spirit of Capitalism*, Charles River Editors, 2018; Émile Durkheim, Sarah A Solovay, John Henry Mueller, and George Edward Gordon Catlin, *The Rules of Sociological Method*, Eighth edition translated by Sarah A Solovay and John H Mueller, and edited by George E G Catlin New York; Free Press, 1966; Ferdinand Tönnies, Ferdinand, José Harris, and Margaret Hollis, *Community and Civil Society*, Translated by Margaret Hollis, (Cambridge; Cambridge University Press, 2001); Marx, Karl, and Friedrich Engels, *The Communist Manifesto*, (Project Gutenberg, 2005).

social relations in settler societies and the world market, the staple theory of economic growth has become the standard model for understanding growth applicable to settler colonies.⁴⁹

For example, Brian Fitzpatrick's interpretation of Australia's early history, particularly the economic history of the pre-1820 period, has been very influential.⁵⁰ The years 1821 and 1822 are often considered the onset of a new phase of development in the colony, with 1821 being highlighted as the starting point of consequential wool exports. Fitzpatrick identifies the transition from a peasant to a commercial society with the shift in land-granting policy in the 1820s, favoring the systematic interests of landed capitalists. However, an alternative perspective is presented by McCarty, who proposes a staple theory to explain Australian economic growth during the 1788-1820 period, challenging Fitzpatrick's safety-valve type explanation. Despite this alternative, it remains a point of contention as to whether a staple theory interpretation can adequately shed light on the complex process of economic change during the years 1788-1820 in Australia.⁵¹

In addition, English historian and a member of parliament, Edward Gibbon Wakefield (1796–1862) offered several political economic arguments and policy proposals with a view to increasing power and wealth for Britain. He suggested that the solution to overcrowded prisons and overpopulation in Britain was colonial settlement in Australia. Wakefield's theory of a systematic colonization was to protect the British capitalist civilization from social revolution at home and frontier barbarism in the colonies. In comparing capitalist civilization

⁴⁹ Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 14.

⁵⁰B C Fitzpatrick, *The British Empire in Australia. An Economic History, 1834-1939*, Melbourne; Melbourne University Press, 1969, 37.

⁵¹J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 1-22.

with wage labor, Wakefield planned for the creation of a legally free yet structurally dependent colonial labor force. This would be achieved by imposing preemptive crown rights and artificially inflated prices on colonial lands, which would prevent poor emigrants from becoming landowners and force them to work for colonial capitalists. This combination of a convict stain and colonization was so inglorious that for decades the history was not written.⁵²

Concerning the growth in terms of output per head, W. C. Wentworth's calculations of the colonists' income for the year 1821 involve the valuation of agricultural and pastoral production using figures for acreages, flocks, average yields, and average prices.⁵³ Analyzing the acreages of wheat and maize per head of population from 1798 to 1820 as an indicator of real output per head in agriculture, there appears to be a declining trend value, decreasing from 1.6 acres per head in 1798 to approximately 1.2 acres per head in 1820.⁵⁴ Similarly, figures for sheep and cattle per head of population show a declining trend during this period. Therefore, unless these trends in per capita agricultural and pastoral production were offset by an increase in agricultural or pastoral yields, it suggests that real output per head in these industries declined.

Additionally, Abbott aligns with McCarty's conclusion which is highly improbable that changes in output within the rest of the private sector could have compensated for the decline in the two major industries. Consequently, the growth in real per capita output seems to have experienced a decline. With regard to potential growth, McCarty focuses solely on the private

⁵²Onur Ulas Ince, 'Letters from Sydney; Edward Gibbon Wakefield and the Problem of Colonial Labor', *Colonial Capitalism and the Dilemmas of Liberalism*, New York, 2018; online edition, Oxford Academic, 2018.

⁵³W C Wentworth, *A Statistical Account of the British Settlements in Australasia*, volume 1, (London; George B. Whittaker, 1824), 273.

⁵⁴G C Abbott, 'Staple theory and Australian Economic Growth 1788-1820', *Business Archives and History*, vol 5, no 2, 1965, 145.

sector and suggests that there was excess capacity in the agricultural and pastoral industries, implying that the growth in these major industries was below the potential rate⁵⁵ Abbott supports this perspective, stating that if the private sector could absorb the supply of convicts, it could be argued that the rate of growth was in line with the potential set by the increase in the workforce. Evidence presented to the Bigge Inquiry indicates that until the end of 1818, the private sector indeed absorbed growing numbers of convict arrivals, to the extent of creating a shortage of convict labor for public works.⁵⁶

Nevertheless, after the substantial arrival of two thousand six hundred new convicts between May 1818 and March 1819, it appears that a larger percentage of these convict newcomers were kept within the public sector. According to Governor Macquarie, retaining these convicts was imperative because the settlers could only afford to absorb a small number of them due to their own financial constraints and setbacks. Contrarily, some argued that Governor Macquarie selectively chose the most skilled artisans and laborers from the arriving convicts, leaving behind only the "poets, attorneys, and politicians". These were individuals whom farmers and settlers were reluctant to employ.⁵⁷

Up until the final two and a half years of the above mentioned period, the private sector successfully incorporated the available supply of convict labor facilitated by institutional arrangements. Even within this thirty-month timeframe, short-term factors related to the Hawkesbury flood compelled Governor Macquarie to retain a higher percentage of arriving

⁵⁵J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, volume 4, no 1, 1964, 14.

⁵⁶*Historical Records Australia*, Series I, volume 10, First published 1914-1922; reprinted by the Federal Government, Canberra; 1971, 671.

⁵⁷G C Abbott, 'Staple theory and Australian Economic Growth 1788-1820', *Business Archives and History*, vol 5, no 2, 1965, 148.

convicts. Abbot contends that if this absorptive capacity is considered an indication of the potential long-term growth rate, it can be argued that the workforce increase facilitated the achievable rate of growth. In the period from 1788 to 1820, McCarty accurately characterizes the situation if growth is interpreted as an increase in per capita real output, though not if it implies growth in either of the other senses discussed.⁵⁸

As a result, investments were channeled into creating a comprehensive economic system that integrated farming, the Commissariat store, importing and selling. This economic system was strategically designed to capitalize on and maximize returns from the highly lucrative linkage effect. Despite the immense profitability, the ultimate demand was not perfectly elastic. Consequently, a portion of these substantial profits found its way into the gentlemanly venture of sheep farming. This was considered both respectable and valuable as a capital asset. As well as that it had the potential for sale to the government in the event of returning to England.⁵⁹

Nevertheless, starting from 1800, there was a deliberate and clear acknowledgment of the necessity for the colony to develop an export industry. This initiative aimed not only to serve as the foundation for the future prosperity of the colony but also to rectify the prevailing adverse balance of trade resulting from a high inclination towards imports.⁶⁰ This recognition became increasingly evident during Governor King's tenure, with both government and private entities actively seeking viable export industries. Also, this was reflected in the

⁵⁸J W McCarty, *The Staple Approach in Australian History*, *Business Archives and History*, volume 4, no 1, 1964, 14.

⁵⁹Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 22.

⁶⁰*Sydney Gazette*, May 1, 1803, 3.

numerous shipments of wool, timber, iron, ore, and coal that were being sent to England for evaluation.⁶¹

Furthermore, McCarty proposes that wool exports could have commenced as early as 1804 if not for capital constraints and a lack of specialization.⁶² However, Abbot disputes this assertion, arguing that it misinterprets the prevailing attitude in England in 1804 towards Australian wool and its potential for industry.⁶³ Because in 1804, the Committee for Trade and Foreign Plantations only cautiously suggested that "it is probable that wool of a very fine quality may be produced in N.S.W...." As a result, Macarthur's proposal for a pastoral company in the same year failed.⁶⁴ McCarty seems to assume that the suitability of the few fleece samples sent indicated a basis for an export trade, but English opinion was generally unfavorable, and numerous technical challenges existed.⁶⁵ Prior to 1820, costs dictated that it was only profitable to sell the best wool to London, and significant efforts were required to elevate the quality of Australian wool to meet the necessary standards. McCarty's analysis of the delay in establishing a wool export trade appears to oversimplify the complexities related to the English market before 1820.⁶⁶

⁶¹G C Abbott, 'Staple theory and Australian Economic Growth 1788-1820', *Business Archives and History*, volume 5, no 2, 1965, 153.

⁶²J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 14.

⁶³G C Abbott, 'Staple theory and Australian Economic Growth 1788-1820', *Business Archives and History*, volume 5, no 2, 1965, 153.

⁶⁴J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 16.

⁶⁵J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 17.

⁶⁶James Bonwick, *Romance of the Wool Trade*, (London; Griffith, Okeden and Welsh, 1887), 194.

Moreover, the economic downturn experienced between 1812 and 1815 eroded the profitability of trade, prompting a shift in investments towards alternative sectors, such as manufacturing and the pastoralism industry. Growth was impeded not due to deficiencies in the nature of Commissariat demand but rather stemmed from limitations in the rate of capital accumulation. These limitations were attributed to the unique characteristics of the Australian colony, where the government absorbed the majority of potential investment avenues, and the nature of local entrepreneurs.⁶⁷

Despite the governors' actions, the local entrepreneurs managed to exploit their market until changes in the colony's nature ultimately eliminated their market. However, during the existence of this opportunity, no alternative avenues were seriously considered. As such, McCarty's staple theory, at best, can only account for a portion of the overall growth process during this period. Any comprehensive explanation of Australia's economic growth before the 1820s must prominently feature the role of the Commissariat, emphasizing the significant contribution made by this institution.⁶⁸

Contrary to McCarty's endorsement of the staple theory, economist N. G. Butlin critiques this approach, asserting its limited utility.⁶⁹ McCarty claims that the technology of the staple determined the growth and structure of the economy, alongside its political and social framework. In contrast, Butlin maintains that sustained growth relies on a substantial inflow of labor and capital, which was contingent upon a sufficiently large per capita

⁶⁷ Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 20.

⁶⁸ Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 21.

⁶⁹ N G Butlin, *Growth in a Trading World; The Australian Economy, Heavily Disguised*, *Business Archives and History* (BAH), vol 4, Cambridge; Cambridge University Press, August 1964, 138.

differential between Australia and Britain.⁷⁰ Butlin argues that acquiring the necessary imports to attract immigrants necessitates additional exports. Also, attracting labor requires sufficient relative growth of exports and an increase in local output to ensure a notable difference in per capita income. Achieving the essential growth in exports, in turn, hinged on attracting labor from the non-export sector in the colonial economy. And this was contingent upon the movement of relative profitability within the local economy.⁷¹

While this model maintains a logical consistency, its applicability to pre-1851 conditions in New South Wales is limited. It fails to account for the significant role played by convicts in the labor force. In the final years of convict transportation to New South Wales (1837-40), 11,365 convicts arrived compared to 37,125 immigrants.⁷² Within these totals, 9,310 were young male convicts, and 16,402 were adult male immigrants.⁷³ Although the assisted immigration program intensified, it wasn't until the 1840s that the labor influx into the colony was predominantly composed of free immigrants. In contrast, during the 1820s and the first half of the 1830s, the labor force primarily consisted of convicts. Moreover, from 1837 onwards, assisted immigrants constituted over eighty percent of the total number of

⁷⁰N G Butlin, *Growth in a Trading World; The Australian Economy, Heavily Disguised*, *Business Archives and History* (BAH), vol 4, (Cambridge; Cambridge University Press, August 1964), 144.

⁷¹N G Butlin, *Growth in a Trading World; The Australian Economy, Heavily Disguised*, *Business Archives and History* (BAH), vol 4, (Cambridge; Cambridge University Press, August 1964), 145.

⁷²R Mansfield, *Analytical View of the Census of New South Wales for the Year, 1841*, (Sydney; Kemp and Fairfax, 1841), 51.

⁷³R Mansfield, *Analytical View of the Census of New South Wales for the Year, 1841*, (Sydney; Kemp and Fairfax, 1841), 51.

immigrants in New South Wales. The principal determinant of the magnitude of this influx was the colony's ability to finance it through the proceeds of land sales.⁷⁴

Another facet of Butlin's model that invites questioning is the assertion that imports depend on exports. Contrary to his argument, data from this period does not exhibit a clear lagged relationship. A prevalent concern in the early 1820s was that cargoes dispatched by English merchants surpassed the colony's demand for imports, a complaint that persisted into the early 1840s. Governor Gipps identified the excess of imports as a crucial factor contributing to the depression of the early 1840s. In his address to the Legislative Council on September 9, 1842, he discussed the heightened influx of unassisted immigrants during the late 1830s and how their fund transfer mechanisms influenced the flow of imports to the colony.⁷⁵

Therefore, the idea that an increase in exports precedes a flow of imports into New South Wales cannot be considered a prerequisite for immigration, as Butlin suggests. A substantial portion of the volume of imports was either an accompaniment or a consequence of immigration. An accompaniment is when immigrants transferred funds in the form of merchandise. And a consequence is when they transferred funds in the form of a bill on a Sydney merchant purchased in London. Before 1851, the volume of imports entering New South Wales was largely determined by the existing framework established by the government.⁷⁶

⁷⁴Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 25.

⁷⁵*Votes and Proceedings UK*. In 1835, 883 unassisted migrants arrived in New South Wales; in 1836, 913; in 1837, 813; in 1838, 1,328; in 1839, 2,133; and in 1840, 1849.

⁷⁶N G Butlin, *Growth in a Trading World; The Australian Economy, Heavily Disguised*, *Business Archives and History* (BAH), vol 4, (Cambridge; Cambridge University Press, August 1964), 145.

Similarly, this observation extends to the inflow of capital. Apart from the capital essentially transferred by the import of consumer goods (i.e. credit extended to local merchants) and capital introduced through immigrant's funds. Capital flowed through various channels such as the Australian Agricultural Company, banks like the Bank of Australasia, and non-banking financial institutions. British capital was also directed to private agents for investment in the colony.⁷⁷ The capital flow through these channels was influenced by the interpretation of evidence presented in Britain regarding the colony's current prosperity and future prospects.

In addressing the excessive quantities of capital introduced into New South Wales during the period 1835-40, Governor Gipps referenced the appealing theories advocated by the followers of the Wakefield school and the indications of abundant wealth in New South Wales.⁷⁸ Furthermore, colonists pointed to the Forbes Act of 1834, guaranteeing a high minimum rate of interest, as a factor attracting British capital from 1835 onwards. However, even before 1835, British capital flowed readily, although drought conditions in the late 1820s did temporarily impede capital inflow. Interestingly, at no point before 1851 did colonists express concerns about a shortage of capital. Until 1842, capital freely streamed from Britain, where interest rates were low, to New South Wales, where potential profits appeared high, and where, after 1834, high interest rates were legally enforceable. The flow of capital after

⁷⁷N G Butlin, *Investment in Australian Economic Development, 1861-1900*, (Cambridge; Cambridge University Press, 1964), 25.

⁷⁸Edward Gibbon Wakefield, *A View of the Art of Colonization in Present Reference to the British Empire, In Letters Between A Statesman and a Colonist*, London; John W Parker, 1849, 250; Governor Gipps' speech of September 9, 1842; He discusses the 'excessive quantities' of capital introduced into New South Wales in the period of 1835-40 in part due to the *Forbes Act of 1834* guaranteeing a high minimum rate of interest.

1842 slowed down, with a common complaint in the post-1842 period being that funds already in the colony were underutilized.⁷⁹

While Butlin's alternative framework may have shortcomings when analyzing the New South Wales economy before 1851, it is plausible that his insights derived from his examination of the 1861-1900 period, could be relevant to the pre-1851 era. Butlin's assertion is that Australian economic history was not a footnote to the Industrial Revolution.⁸⁰ Nor was Australia a sheep-walk for the benefit of British imperialism suggests that the fundamental drivers of the speed, stability, and complexity of Australian growth were rooted in local Australian conditions.⁸¹ According to Butlin, the rate of Australian growth was not intricately tied to export receipts, challenging the notion that it was merely a subservient part of the broader British economic system⁸²

Moreover, Commissariat purchases lacked the essential characteristic of a true export, as the market was constrained by domestic demand and incapable of expansion beyond the limits set by local population growth. In the last years of Governor Macquarie's administration, wool played a minor role, but it became evident that the colony's further progress hinged on the development of exports, with wool holding the most potential. Shortly after Governor Brisbane assumed office in 1822, he eliminated the convicts' annual ten pounds and simultaneously removed the requirement for employers to provide their assigned

⁷⁹G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971), 194.

⁸⁰N G Butlin, *Investment in Australian Economic Development, 1861-1900*, (Cambridge; Cambridge University Press, 1964), 5.

⁸¹N G Butlin, *Investment in Australian Economic Development, 1861-1900*, (Cambridge; Cambridge University Press, 1964), 31.

⁸²N G Butlin, *Investment in Australian Economic Development, 1861-1900*, (Cambridge; Cambridge University Press, 1964), 5.

convicts with the standard government ration. This move compelled colonists to acknowledge the necessity of export development, and wool assumed an even greater importance in their strategic planning.⁸³ While the progress of the colony may have become closely associated with wool exports, it did not imply complete dependence on them, as a simplified version of the staple approach might suggest.⁸⁴

Furthermore, the recognition of wool's significance had immediate repercussions in the political sphere, as pastoralists actively pursued benefits achievable only through administrative or legislative actions. The anticipation of future returns from wool was deemed the most lucrative prospect within the colony. Additionally, there was an investment in the forward linkages connected to wool, such as increasing sheep numbers. This, given the existing technology, entailed some geographical extension of settlement to accommodate the growing demands of the wool industry.⁸⁵

While the recognition of wool as a lucrative future production did stimulate investment in livestock, it was not the sole contributing factor, as highlighted in the *Australian Almanac* for 1831, summarizing events from the preceding seven years.⁸⁶ The Colonial Government's recommendation to halt further supplies of salted provisions for public establishments indicated that there was ample meat of colonial production to satisfy the needs of all inhabitants. This allowed stockholders to reap substantial returns, unhindered by the need to

⁸³ Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 28.

⁸⁴Burgmann, Verity and Jenny Lee. *A Most Valuable Acquisition*, (Fitzroy, Victoria; McPhee Gribble Publishers Pty Ltd, 1988), 62.

⁸⁵ Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 28.

⁸⁶*Australian Almanac*; Sydney, 1831, 257.

limit their flocks or herds due to pasture scarcity or the necessity to sell a share of their possessions. The surge in meat prices, driven by both current and anticipated demand, the arrival of individuals with significant capital, and the establishment of the Australian Company, all played roles in furthering the livestock boom.⁸⁷

Subsequently, the foundation of this boom lay in the oligopolistic nature of the livestock market. As livestock numbers increased, more suppliers entered the scene, and eventually, the supply surpassed demand, leading to a decline in the value of livestock.⁸⁸ Between 1827, when the drought commenced, and 1829, settlers were compelled to import food at exorbitant prices. In doing so, they were compelled to sell part of their livestock, further driving prices down. Flocks were seized and sold, exacerbating the economic distress. Despite the challenges, the value of wool exports experienced fluctuations, falling in 1827, rising in 1828 and 1829, declining in 1830, followed by a resurgence in 1830 and again in 1831.⁸⁹

Furthermore, the fact that wool exports increased during the deepening depression suggests a potential challenge to the applicability of the staple approach to the New South Wales experience before 1831. M. H. Watkins' assertion in the staple theory stating that the size of the aggregate income will vary directly with the absolute size of the export sector raises questions, especially when depressed conditions and rising wool exports coincide.⁹⁰ If, according to this theory, there is a direct relationship between the size of the export sector and

⁸⁷T H A Braim, *A History of New South Wales, 2 vols*, (London; R Bentley, 1846), 64-67.

⁸⁸Lieut Breton, *Excursions in New South Wales, Western Australia and Van Diemen's Land*, (London; R, Bentley, 1833), 457.

⁸⁹John Dunmore Lang, *An Historical and Statistical Account of New South Wales, Both as a Penal Settlement and as a British Colony, 2 volumes*, (London: Sampson Low, Marston, & Co. 1837), vol 1, 202.

⁹⁰M H Watkins, 'A Staple Theory of Economic Growth,' *Canadian Journal of Economics and Political Science*, 1963, 141-58.

the overall income (unless there are long lags in the linkage responses), the simultaneous occurrence of depressed economic conditions and an upswing in wool exports might indicate that the staple approach alone may not adequately explain the situation. However, if the fluctuations observed in the 1826-31 period are attributed to speculation, as commonly suggested by contemporary commentators, the apparent incongruity with staple theory could be mitigated.⁹¹

Despite these analyses and discussions, it remains questionable whether the staple theory can effectively explain the growth in New South Wales during this period. The success of wool exports does not necessarily imply that it determined the timing and location of development. W. C. Wentworth (1793-1872), an Australian statesman born on Norfolk Island, played a significant role in the region's history. Educated at the University of Cambridge, he practiced law in Sydney, New South Wales. In 1824, Wentworth assisted in establishing the newspaper *Australian*, where he advocated for self-rule in the colony. As a result of Wentworth's efforts, New South Wales became the first Australian colony to be granted a representative government in 1842. Additionally, in 1850, he played a pivotal role in the passage of the bill founding the University of Sydney. Wentworth's contributions were instrumental in shaping the political and educational landscape of New South Wales.⁹²

Even more so, Wentworth, as a writer, made a notable contribution to the understanding of the Australian settlements. In 1824, he published "A Statistical Account of the British Settlements in Australasia, where he discussed his estimate of the value of output conducted

⁹¹G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971), 198

⁹²W C Wentworth, *A Statistical Account of the British Settlements in Australasia*, volume 1, (London; George B. Whittaker, 1824), 471-472.

in 1821. In this work, Wentworth utilized acreage figures for agricultural products and livestock numbers for pastoral activities. He applied average yield coefficients and estimated items such as rent on houses to derive his calculation. If one accepts his estimate as reasonable, it reveals that in 1826, only £48,384 of the total estimated annual produce of £800,000 represented wool exports. While this contribution might seem minor, it does not necessarily invalidate the claim that wool exports were determining the rate of growth of the colony on its own. This nuanced perspective emphasizes the complexity of factors influencing the colony's economic development during that period.⁹³

In offering evidence of growth, J. Henderson explained the notable degree of urbanization observed in New South Wales. Henderson assessed the population of Sydney at twenty thousand, speculating that four thousand received their subsistence from the expenditure of the state, leaving sixteen thousand whose means of subsistence needed to be clarified.⁹⁴ According to Henderson, manufacturing could only possibly account for five hundred individuals, but beyond that, the town of Sydney lacked any apparent source of wealth. Henderson argued that goods received from British vessels likely supported the local population, and a considerable portion of the population would have been involved in agricultural activities.⁹⁵ In essence, Henderson asserted that nearly half of the population in New South Wales derived their support and wealth from produce received from the Mother

⁹³W C Wentworth, *A Statistical Account of the British Settlements in Australasia*, volume 1, (London; George B. Whittaker, 1824), 471-472.

⁹⁴G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971), 198.

⁹⁵J Henderson, *Observations on the Colonies of New South Wales and Van Diemen's Land*, (Calcutta; Baptist Mission Church, 1832).

Country, Great Britain. This perspective highlights the significant economic ties between the colony and its British roots during this period.

Consequently, Henderson's claim is questionable, as a more accurate assessment suggests that closer to a fifth of the colony's population derived their support and wealth directly from a trade that relied partly on an export income. This income primarily originated from Treasury Bills expenditure but was mainly sustained by an independent flow of imports from Britain.⁹⁶ Also, this inflow was driven by expectations based on the future of wool exports. Private capital flowed from Britain to boost wool production, not solely to enhance export income through the Commissariat, which remained the major source of export income until the early 1830s. This nuanced perspective emphasizes the multifaceted nature of economic dynamics in the colony during this period.

However, the annual rate of returns from wool exports in New South Wales exhibited an interesting pattern. Between 1826 and 1831, these returns increased at an average annual rate of less than ten percent. However, from 1832 to 1836, there was a significant acceleration, with an average rate of nearly fifty percent per year. Subsequently, between 1832 and 1851, the average annual rate of increase remained slightly over twenty percent.⁹⁷ These statistics reveal that the annual rate of increase of returns from wool exports accelerated from 1832 onward. While wool, in terms of its rates, can be considered the leading sector in the economy, the correlation between the rate of the economy and the growth of this export is complex. Despite the increasing exports during the period 1832-51, there were depressed

⁹⁶Henderson states that the population of Sydney in 1828 was 10,815, and in New South Wales, the population was 36,958.

⁹⁷G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971), 199.

economic conditions, and even after 1836, as the rate of increase of wool exports declined, the economy experienced a boom due to the expansive prospects of the wider-ranging sheep and the continued spread of the squatters.⁹⁸ In the framework of the staple approach, a declining rate of export increase would typically lead to a decline in investment. However, in the late 1830s, New South Wales witnessed the opposite phenomenon. Despite the declining rate of increase in wool exports, the economy experienced growth, and investment continued to rise. Since these discrepancies cannot be explained by speculative excesses or monetary disturbances, the experience of New South Wales challenges a straightforward application of the staple theory.

According to Professor Ashworth's statement in which he emphasizes the value of generalized models of economic theory for historians. Instead of applying a model directly to a situation for which it was not derived, the usefulness lies in suggesting lines of inquiry and potential points of relationship that might have been overlooked otherwise. Applying a model to a situation should involve a thoughtful examination of how well certain elements fit into the model, while also considering other elements and avoiding the dismissal of them as insignificant exceptions. This approach aligns with historical methods, encouraging a nuanced and comprehensive understanding of the complexities within a particular historical context.⁹⁹

Certainly, Professor Ashworth's perspective is highly relevant to the question of whether the staple theory fits the New South Wales context. While it might have some applicability, the fit may not be perfect. Instead of rigidly applying the staple theory as a

⁹⁸S J Butlin, *Foundation of the Australian Monetary System, 1788-1851*, (Melbourne; Melbourne University Press, 1953), 275.

⁹⁹W Ashworth, *A Short History of the International Economy*, (London; Longmans, 1954), 6.

ready-made template, it can be used more flexibly to suggest potential relationships and lines of inquiry. This approach allows for a nuanced examination of the role of wool in the development of the New South Wales economy during the 1830s and 1840s, considering both its contributions and potential exceptions or complexities within the historical context.¹⁰⁰

As a result, the historical evidence reveals that government policies in New South Wales were shaped by the assumption that wool exports were pivotal to the colony's future progress. During this period, capital and immigrant capitalists were drawn to the colony due to perceived boundless opportunities, especially at a time when investment options in Britain were limited. Capital was used to acquire land, with the expectation that land prices would rise alongside the growth of the pastoral industry, leading to increased land revenue that, in turn, would attract assisted immigrants to New South Wales. Because of this, the focus was on the potential future income from wool exports, rather than the immediate income realized from such exports. The pastoral industry in the three decades preceding 1851 seemed geared not only to supplying the British market with wool but also to meeting the local demand for sheep. When the demand for livestock was high, the colony prospered, and conversely, it experienced depression when demand fell. The key challenge was finding a means to convert surplus livestock into a commodity that would sell, highlighting the economic intricacies of the time.¹⁰¹

In addition, McCarty highlighted the relevance of the staple approach to the New South Wales experience in the three decades before the discovery of gold.¹⁰² During this period,

¹⁰⁰Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 32.

¹⁰¹John C Weaver, 'Beyond the Fatal Shore; Pastoral Squatting and the Occupation of Australia, 1826-1852,' *The American Historical Review*, Vol 101, No 4, Washington; American Historical Association, 1996, 982.

¹⁰²J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 10.

colonists commonly referred to wool as the staple, indicating its significant influence on social, political, and economic development such as the framework reminiscent of the ideas proposed by Harold Innis. However, McCarty acknowledged that there were some exceptions or complexities within this framework, emphasizing the importance of considering nuanced historical factors in the application of economic models.

Also, in the pre-1851 period, Alan Barnard acknowledged the role of wool in influencing social, political, and urban development in Australia. However, he cautioned against a potential misunderstanding of the contribution of the pastoral industry to Australian economic development. According to Barnard, wool did not constitute an overwhelming share of Australia's national income, and its contribution to employment was even smaller. Nevertheless, it played a crucial role in generating demand for investible funds and served as a significant avenue for capital formation.¹⁰³ Barnard's perspective aligns with a staple view of development, suggesting that the production of wool stimulated investment in related sectors. While wool might not have been the sole contributor to national income or employment, its prominence in the Australian economy of the nineteenth century was derived from its dominant position as a capital investment. This degree of understanding recognizes the multifaceted impact of the wool industry on the broader economic landscape.

Furthermore, G. Blainey, a social historian born in 1930 in Melbourne, Australia, and later a professor of economic history at Melbourne University, accepted the relevance of the staple approach but argued that the importance of wool has been exaggerated. He claimed that wool was only preeminent between 1834 and 1851, when after this time frame, gold joined

¹⁰³A Barnard, *The Australian Wool Market, 1840-1900*, (Melbourne; Melbourne University Press, 1958), xv.

wool as a significant exporting industry.¹⁰⁴ Blainey supported his argument by suggesting that in 1834, pastures were unlikely to have had a substantial lead, and fisheries might have held a considerable advantage.¹⁰⁵ Blainey further contended that if a staple's influence on its region is not only derived from the value of the income it generates but also from its technology, then fisheries before 1834 could be considered the most important staple.¹⁰⁶

Moreover, if the staple is identified as the industry producing the greatest export income, then the Commissariat, with the volume of Treasury Bills drawn in New South Wales surpassing the earnings of wool or fisheries until 1836, should be named. Blainey's method of identification implies that development before 1836 would need to be explained by reference to a Commissariat staple, and thereafter, a wool staple would account for the subsequent development. This nuanced perspective challenges the conventional narrative of wool as the sole driver of early development in New South Wales.

In conclusion, the Woolen industry was the economic pillar that social structures were built upon and it was responsible for the development of a commercial economy in early colonial Australia.¹⁰⁷ Consequently, metropolitan industrial capitalism and its growing world

¹⁰⁴G Blainey, 'Technology in Australian History', *Business Archives and History* (BAH), vol 4, 1964, 120.

¹⁰⁵G Blainey, 'Technology in Australian History', *Business Archives and History* (BAH), vol 4, 1964, 121; Blainey presented data to substantiate his claim though figures for both wool and fisheries exports from 1826 onwards can be found in various editions of *Votes and Proceedings* and in *Bluebooks*. This data shows: (i) that the total value of fisheries exports exceeded that of wool exports for the period 1826-33 by nearly 130,000 pounds; (ii) that the annual value of fisheries exports was greater than that of wool exports for each year before 1834 except 1826, 1828 and 1829 and (iii) that from 1834 onwards the annual value of wool exports exceeded that of fisheries exports. Although, this may confirm Blainey's argument there is a notation in one *Bluebook* that the figure for fisheries exports represented the produce of 'vessels belonging to or sailing from the colony', which suggests that the export figures included the production of American and British ships. If this is the case only part of the total value of fisheries exports should be included in the Gross National Product.

¹⁰⁶G Blainey, 'Technology in Australian History', *Business Archives and History* (BAH), vol 4, 1964, 122.

¹⁰⁷Robert Hughes, *The Fatal Shore*, (New York, Alfred A Knopf, Inc, 1987), 38.

market framed British expansion and socioeconomic possibilities in the colonies. British hegemony governed nineteenth-century world-capitalist development and they sought to maintain productive superiority in the world market through industrial specialization in an international division of labor.¹⁰⁸ As mentioned, the Woolen industry offered a healthy economic base from which to build a solid economic trade, and was able to offer wealth, and status for its citizens. As a result, the Australian Woolen Industry left a legacy of freemen, such as John Macarthur and Samuel Marsden, in a position to create their own destiny in the form of an Australian government and country, independent of Great Britain.

¹⁰⁸Philip McMichael, *Settlers and The Agrarian Question*, (New York, Cambridge University Press, 1984), 1.

§CHAPTER 2

THE STAPLE THEORY

The staple thesis is a theory of economic growth. It stresses the role of traditional commodities or staple products. These products have greatly impacted the shaping of a resource rich economy. The claim is that national economies are linked to the production and export of staple goods such as wool in Australia. Therefore, chapter two examines the staple theory together with the connections between the woolen trade, growth, and fluctuations in the British colony of Australia in pre-1850 colonial times. During this time frame, there has been very little documentation on quantitative economic history regarding the colony of New South Wales. This has resulted in lack of data or incorrect data. However, a case study was developed in the form of an economic history approach which emphasizes the role of the state in relation to markets. This is identified as the staples approach and created by an economic historian Harold Innes.

Innes investigates *The Importance of Staple Products; Approaches to Canadian Economic History*, and the understanding of Canadian economic history. It is debated that Canada is very similar to Australia in that they were both created as colonies for the utilization of the mother colony such as Great Britain and France. Consequently, both Canada and Australia became a source of staple products for their respective mother countries.¹ One of the great fore runners in the field of study on the question of the staple theory was Dr. Harold Innis, a Canadian. In developing the staple thesis, he incorporated culture, history,

¹H A Innis, *The Importance of Staple Products; Approaches to Canadian Economic History*, Edited by W T Easterbrook and M H Watkins, (Toronto; McClelland and Stewart, 1967), 16-19.

and economics. In addition, he observed how it was affected by exploitation. Examples of these staples are fish, fur, wheat, lumber, coal and mined metals. The staple thesis played a large part in Canadian economic history beginning in 1930s up to the 1960s and it continues to have a high presence in the Canadian political economy.² In particular, Innes historical studies focused on the cod fisheries and the fur trade. However, Innes was mostly concerned with how staple production could impact the economy and society. He was interested in casting the net widely and in observing how the staple approach would become a unified theme in its use.³

Consequently, the staple theory considers the demand for and characteristics of a region's staple export in order to determine the pace and nature of economic growth and development. This economic framework is rooted in the ideas of Harold Innis, a Canadian scholar who focused on the production and marketing of staple commodities for export, such as the Canadian cod fisheries and fur trade. Innis's conception did not aim for the status of a systematic theory. He sought to explain the expansion of staple commodity production within the context of a developing world division of labor, which was facilitated by available technical capacities.⁴

In essence, according to the staple theory, the success of export staples together with the structural features of the export industries, and the distribution of income within the export sector are considered basic factors that influence economic growth in expanding economies. This perspective underscores the pivotal role that specific commodities play in shaping the

²W T Easterbrook and M H Watkins, "The Staple Approach," In *Approaches to Canadian Economic History*, (Ottawa; Carleton Library Series, Carleton University Press, 1994), 1–98.

³H A Innis, ed; *Essays in Canadian Economic History*, (Toronto; University of Toronto Press, 1956), 384.

⁴H A Innis, ed; *Essays in Canadian Economic History*, (Toronto; (University of Toronto Press, 1956), 384.

economic trajectory of a region such as Australia. In particular, Innes researched three types of concerns namely geographical, institutional, and technological. Also, geography played an important role for Innis. Interestingly, both colonies such as Australia and Canada who supplied staple production laid on the periphery of their respective mother country, such as Great Britain. Moreover, Britain became the industrial centralization of receiving staples from its colonies and it was not interested in decentralization. Because of their respective locations' tensions were increased in order to maintain delivery of the staple products and to generate economic growth. Innis maintained that in order to produce a center such as industrial Great Britain, then the staple production must occur out on the periphery as it did in both Canada and Australia.

Unlike the positive outcomes according to Innis's staple theory, the staple theory can also be applied to a negative development in an indigenous economy, such as the Sahtu region of the Northwest Territories in Canada. Innis's staple approach was based on the markets of western European economies. He did not discuss the indigenous economy of the Sahtu region in the Northwest Territories. As they hold communal lands, they share resources and materials. In addition, the indigenous people have a spiritual and cultural connection to the land. They want to protect and provide the land for future generations. As a result, in the Northwest territories of Canada, there are two different types of production that have a negative interaction. This is a critical shortcoming of the use of the staple's theory. Also, the staples theory does not examine the removal of indigenous people from their lands for the benefit of new settlers who wanted to instill the capitalist mode of production in the Northwest territories.⁵

⁵Chris Southcott and David Natcher, Extractive industries and Indigenous Subsistence Economies; a complex and unresolved relationship, *Canadian Journal of Developmental Studies*, Vol 39, Issue 1, 2017, 137-154.

Historical evidence claims that indigenous people of the Northwest territories have suffered several struggles in endeavoring to maintain their lands. The non-renewable resources from the land have been incorporated into the capitalist mode of production. Karl Marx acknowledged this action as a type of primitive accumulation.⁶ Hence, the staple approach ignores the realities of the indigenous people's economy in the Northwest Territories. The original political economy of the Sahtu region was constructed around the indigenous values of communal trading and subsistence farming. Based on historical evidence of the Sahtu region in the Northwest Territories, it is evident that the staples theory failed to acknowledge the basic characterizes of the indigenous people. As a result, they were taken over by new settlers, private corporations and the federal government of Canada for the benefit of westernization.

Also, Gordon Bertram's original staple theory stressed the progress of the Canadian economy as the successful exploitation of a series of staples. These resource-intensive commodities occupied a dominant position in exports. It began first with stapes such as cod, fur, timber, wheat, ores, petroleum, and metals. With the discovery of new natural resources, availability of immigrant labor, development of new technology, and shifts in world demand, these became some of the key factors that unleashed new waves of staple growth. Bertram examines economic development and how the growth-inducing income distribution resulted from certain staple industries. Consequently, it operated through the continued increase in consumption and through further effects on investment'.⁷

⁶Karl Marx and Friedrich Engels, *The Communist Manifesto*, (Project Gutenberg, 2005).

⁷G W Bertram, Economic growth in Canadian industry, 1870–1915, the staple model and the take-off hypothesis; *Canadian Journal of Economic and Political Science*; 29, (1963), 159–84.

Therefore, the staple theory requires that, in an open economy, development can only occur if it is linked to the special characteristics of the international economy. From the perspective of the staple-producing country or region, the demand for the staple export is largely considered an external factor. The region has a set of production possibilities based on its natural resources. These can be developed with technological advancements, in conjunction with the importing country, and through further settlement in a resource-rich environment guided by public policy. The success of the export sector is contingent upon various factors, including the degree of comparative advantage possessed by the product. This, in turn, depends on factors such as the resource endowment of the region, international commodity prices, transportation costs, and the relationships established within existing trading systems. At the core, the staple theory emphasizes the external factors and international dynamics that shape the economic development of regions reliant on specific export commodities.⁸

As well as that, McCarty uses the earliest period of the Australian economy to illustrate his argument. He attempts to apply the staple theory to the entire spectrum of Australian growth. McCarty aims to recognize the connections between the general characteristics of New South Wales development before 1851 and the changing purpose of the region through the lens of the staple theory.⁹ According to McCarty, although Harold Innis's theory is relevant, Innis's reluctance to reduce complex historical patterns to a simple model prevented him from constructing a comprehensive theory acceptable to economists. American

⁸Bertram, Economic growth in Canadian industry, 1870–1915, the staple model and the take-off hypothesis; *Canadian Journal of Economic and Political Science*; 29, 1963, 159–84.

⁹J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 3.

economists R. E. Baldwin and D. C. North developed Innis's theory further. Then, McCarty applies it to Australian economic history between 1788 and 1820. McCarty argues that the Commissariat's demand for foodstuffs and materials is similar to exporting goods. He examines the pattern and growth of the private economy before 1820, which he believes was determined by the level of the Commissariat's demand and the type of goods it purchased.¹⁰ McCarty identifies the products sold by free settlers as a staple export from the private economy.¹¹

The elements of McCarty's model are divided into four areas. First, the export sector of the economy consisted of the agricultural industry, which produced mainly to meet Commissariat demand. Second, this industry consisted of small-scale farmers and was marked by a degree of excess capacity, which allowed the farmers to exist only at a near subsistence level. Third, their need for cash forced them to market their grain without regard to price, thereby depressing agricultural prices and profits. Fourth, their private market consisted of a number of merchants who were the group best able to save within the economy, and who invested their savings in mercantile pursuits and in the infant pastoral industry. As a result, the growth of the private sector depended on the growth in the Commissariat demand, and on the flow of export income into the hands of the colony's merchants.¹²

¹⁰G C Abbott, 'Staple theory and Australian Economic Growth 1788-1820', *Business Archives and History* (BAH), vol 5, no 2, (August 1965), 142-154.

¹¹Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 16.

¹²J W McCarty, 'The Staple Approach in Australian History', *Business Archives and History*, vol 4, no 1, 1964, 6.

In particular, the Commissariat was known for being the supplier of goods, money and foreign exchange. The demand from the Commissariat¹³ was low and this placed a restraint on the growth of the private sector. Because of this, according to McCarty, establishment of wool industries was delayed due to limited capital accumulation in the pastoral industry. McCarty justifies considering Commissariat demand as an export since it was determined externally. Although, McCarty suggests that the Commissariat demand can be viewed as an export, he doesn't explicitly justify his claim that it is an export staple. It appears that he is drawing an analogy between the Commissariat's demand for goods and the concept of exporting goods in the context of staple theory. However, the lack of explicit justification for labeling it an export staple raises questions about the validity of this classification¹⁴

According to the economist, G. C. Abbott's the necessity of a staple capable of engendering growth aligns with the staple theory, which typically emphasizes the role of export-oriented commodities in driving economic development.¹⁵ McCarty's argument, as mentioned, introduces a new explanation, suggesting that capital deficiency was a limiting factor in the early stages of creating a wool export industry. Abbott raises a valid concern about the post-1815 period in McCarty's analysis.¹⁶ If capital accumulation and specialization

¹³Michael Roper, *The Records of the War Office and Related Departments, 1660-1964*, Kew, Surrey, Public Record Office, 1998; a Commissariat is created within the British military for organizational purposes; it can have a variety of purposes such as such as providing provisions for the military and civilians, responsible for sourcing, storing and dispensing food for the military and civilians; also, providing food for the animals; licenses and regulations were issued for wagons, carriages, horses and drivers for transportation; document accounting, bookkeeping for military transport, personnel and equipment.

¹⁴J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 6.

¹⁵G C Abbott, Staple theory and Australian Economic Growth 1788-1820', *Business Archives and History* (BAH), 144.

¹⁶J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 15.

were indeed crucial for the successful establishment of wool exports, there needs to be an explanation of how these conditions were met in the post-1815 period to enable the subsequent growth in wool exports. It highlights the importance of providing a comprehensive and consistent account of how the identified conditions for successful wool exports were fulfilled over time. Without a clear explanation of the mechanisms through which capital accumulation and specialization occurred, there may be gaps in the overall argument, as pointed out by Abbott.¹⁷

Furthermore, during the pre-modern era, Britain had supremacy on the production of wool. Also, they were the foremost exporters of wool to other parts of Europe. Consequently, during the early years of development in the colony there had been both physical and economic constraints placed on how the woolen industry could be developed locally. Britain's had enacted policies to safeguard their woolen industry for hundreds of years. Furthermore, Britain did not intend to give up those policies easily. In fact, Britain continued to produce more wool than Australia up to 1870. Because of this, several hurdles were put in place by the British government to delay fine wool production by enacting various policies in the colony. Many had surmised that when the merino sheep arrived in Australia in 1797, that the farmers in the colony would begin producing fine wool. However, it was not until John Macarthur presented his plan to the British government in 1803 that the British government were prepared to consider the dynamics of producing wool in Australia.

Despite Britain's non-interference policy in the British Woolen industry, the British government needed to ship convicts to the colony in order to reduce the overcrowding of their

¹⁷G C Abbott, Staple theory and Australian Economic Growth 1788-1820', *Business Archives and History* (BAH), 144.

prisons and reduce expenditures. Macarthur saw a two-fold opportunity in that he could avail of the land grants being offered by the British government in exchange for accepting convicts and establish the Australian woolen industry. Macarthur's land grant was approved to utilize the labor of the convicts. In addition, Macarthur was granted a further one hundred acres by the British government in order to increase production. The Macarthur's worked tirelessly in order to expand their pure merino flock so much so that by 1803 their flock numbers had grown to four thousand sheep.¹⁸ It was at this point that the British government realized the potential for the Australian woolen production. They were prepared to incorporate wool production provided coarse wool was produced for local consumption. Also, raw materials could be sent to England to be manufactured into the finished products.

In addition, capital accumulation in the pastoral industry, according to McCarty, derived from the Commissariat demand and the profits of trading ventures.¹⁹ Of these two sources, the latter would be more important. The Commissariat demand tended to remain the same. The specialization resulting from the 1812-1815 depressions would remove this major source of capital, even if the debt incurred in this period by traders was ignored, so that there seems to be no way in which capital accumulation could increase sufficiently to validate McCarty's analysis. Abbott argues that the Commissariat demand could only be a staple while the colony remained predominantly a convict colony, which was never the intention of the English

¹⁸John Macarthur, *Correspondence Macarthur Family Papers*; Vol 2, John Macarthur, Letters to Mrs. Macarthur 1808-32, ML A2898; Vol. 3, John Macarthur, Letters to his sons 1815-32, ML A2899; Vol 15, John Macarthur junior, Correspondence 1810-31, ML A2911; Vol. 16, Edward Macarthur, Letters 1810-1868, ML A2912; Vol 37, Sir William Macarthur, Letter books 1844-74, ML A2933; Vol 67, Livestock, Miscellaneous papers 1814-84, ML A2963; Vol 68, Wool Correspondence and Misc, 1803-66, ML A2964; Vol 69, Wool Sales 1818-83, ML A2965, Vol 70, Wool Shipments 1817-27; Descriptions of Fleeces 1836-44, ML A2966; Vol 103, Papers, N.S.W. Corps, Cash book 1789-92 (with) Returns of sheep and cattle 1813-1819, ML A2999.

¹⁹J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 15.

government.²⁰ But McCarty could mean that unlike other new regions the Commissariat demand did not provide a strong initial impetus. This depends on the income accruing from the export sector and its linkage effects. If McCarty implied the unsuitability of Commissariat demand as a source of sustained growth, then according to Abbott, his analysis is not designed to be applicable to the growth process within the pre-1820 period.²¹

McCarty's conclusion on growth suggests a reference to growth in an aggregate output, growth in per capita output; or potential growth, remembering that in each case McCarty is only concerned with growth in the private sector.²² If the conclusion is taken to refer to growth in aggregate output, Abbot argues, McCarty's low and constant level of Commissariat demand taken in conjunction with the mechanism of the staple theory would imply that aggregate growth was absent or minimal.²³

The results suggest that foreign trade had acted both as an engine of growth and a source of economic instability. First, there is a methodological review of the use of history to investigate the approach taken later to analysis of the crisis and beyond. This is followed by an economic account of the staples approach as created originally and the subsequent application of it to other circumstances. Then, in referencing the research of Innis on the communications theory, the role of power over ideas is explored in the staples approach.

²⁰G C Abbott, *Staple theory and Australian Economic Growth 1788-1820*, (BAH), 145.

²¹J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 17.

²²J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 22.

²³J W McCarty, The Staple Approach in Australian History, *Business Archives and History*, vol 4, no 1, 1964, 22.

Finally, the examination of this reasoning to the role of theory in the run-up to the crisis, theoretical and policy response.²⁴

Economics examines the public sector where the economic and social development is the process by which economic well-being and the quality of life of a nation, region, local community, or an individual are improved according to the targeted goals and objectives. Even though economic terminology has changed during the 20th and 21st centuries, the concepts have been around in the West for much longer. Some of these key concepts that are easily recognizable are modernization, westernization and industrialization and are prominent in the narrative of economic development. In particular, historically, many economic development policies were created around industrialization and its infrastructure. Great Britain had created an infrastructure to enforce their colonies to send their raw materials to England. Second, through industrialization, Great Britain was able to manufacture all the raw materials into finished products. Third, the finished products were then sold back to the colonists so that outside trade was kept to a minimum. In particular, Great Britain was then able to monopolize trade to all of its colonies such as Australia and America. Finally, Great Britain had created an inhouse consumer base for selling most of their finished goods.²⁵

As a result, mercantilism became the economic system of trade which began in the 16th century and was in effect up to the 18th century. It was based on the principle that the world's wealth was static, and consequently, governments had to regulate trade to build their wealth and national power. Many European nations attempted to accumulate the largest possible

²⁴Alexander Dow, and Sheila Dow, *"Economic History and Economic Theory; The Staples Approach to Economic Development,"* (Cambridge Journal of Economics 38, no 6, 2014), 1339–53.

²⁵Martha Finnemore, *National Interests in International Society*, (Cornell University Press, 1996), 89–97.

share of that wealth by maximizing their exports and limiting their imports via tariffs.

Mercantilism was based on the idea that a nation's wealth and power were best served by increasing exports and reducing imports. Due to the nationalistic nature of mercantilism, nations frequently used military might to protect local markets and supply sources. In particular, in 1788 the Royal Navy was heavily involved in laying claim to the land in Australia and setting up a colony under military rule on behalf of Great Britain.²⁶

Also, mercantilism was a form of economic nationalism that sought to increase the prosperity and power of a nation through restrictive trade practices. Its goal was to increase the supply of a state's gold and silver with exports rather than to deplete it through imports. It also sought to support domestic employment such as the convicted convicts and freemen in Australia. Mercantilism centered on the interests of merchants and producers and protected their activities as necessary. Examples of such companies are England's East India Company and the Dutch East India Company. Eventually, mercantilism would be replaced by free-trade economic theory in the mid-18th century.²⁷

In researching the impact of economic history on the development of the Australian Woolen Industry, it is evident that the staple approach was able to connect both internationally with Britain and in Australia. However, it was in Canada that was instrumental in this role and contributed heavily to the running of the political economy, which in turn identified that staple approach as Canadian. Consequently, the Canadian historians and

²⁶Eli F Heckscher, *Mercantilism*, Revised [second] edition edited by E F Soderlund, (London; Allen & Unwin, 1962).

²⁷Eric Helleiner, *The Neomercantilists; A Global Intellectual History*, (Ithaca, New York; Cornell University Press, 2021), 414.

scientists were in a position to move forward in this endeavor and they developed the staple theory.

As a result, Great Britain wanted to promote economic growth within the colony. Evidence was required to confirm that the colony was being governed in accordance with British rules and regulations. At this time, on 26 September 1819, John Thomas Bigge and his secretary, Thomas Hobbes Scott, arrived in *New South Wales* to conduct the *Commission of Inquiry*. Previously, Governor Macquarie had been in charge of the colony for ten years and his authority had never been put to the test. As Bigge was born into London aristocracy he was held in high esteem by the British government. With Bigge's status came additional pressures and responsibilities that were required from him. He understood that the British government expected a thorough report on his findings in New South Wales. As a result, Bigge understood only too well the financial and political motivations that instigated the *Commission of Inquiry*. Bigge was given detailed instructions to investigate all aspects of the operation of the colonial administration in the period 1810–1820 which included the governor, officers, ministers, and all colonists. As a result, Bigge had the capability and financial means to be able to travel throughout New South Wales and Van Diemen's Land. He was in a position to interview free inhabitants, emancipists and hundreds of convicts. Therefore, Bigge was able to document both oral and written submissions. Although, Bigge had been directed to collect all the evidence under a sworn oath, when he landed in the colony he was less conventional and strict in collecting evidence.²⁸

²⁸The British Museum Papers, *English Opinion on the Projected Colony*, 5th November, 1786.
<http://gutenberg.net.au/ebooks13/1300291h.html#ch-05>

Eventually, when Bigge arrived back Britain in 1821, all the documentary evidence that he had collected in the New South Wales colony was collated and recorded in three reports. The first report, *The State of the Colony of New South Wales*, was published in June 1822. The first report examined the convict system, the relationship between social classes, Macquarie's program of public works and the day to day living conditions in the New South Wales colony.²⁹ The second report, *The Judicial Establishments of New South Wales and of Van Diemen's Land*, was published in February 1823. The second report was a detailed attack on Governor Macquarie and the legal processes that he judicated in the New South Wales colony.³⁰ The third report, *The State of Agriculture and Trade in the Colony of New South Wales*, was published in March 1823, and covered New South Wales colony's pastoral opportunities together with their economic position.³¹ The Bigge reports were published by the House of Commons and they were heavily debated in British parliament. The reports were highly critical of Governor Macquarie's administration. Regrettably, this was due in part to Reverend Samuel Marsden who had complained several times to England regarding Macquarie's preferment of emancipists. Macquarie felt that emancipists should be treated as equal to free settlers in the colony.

In addition, Marsden argued that Macquarie interfered in ecclesiastical matters. Also, Macquarie fought with Judge-Advocate Ellis Bent on the issues of judicial independence. The principles of judicial independence were not always observed in the colony due to the

²⁹John Thomas Bigge, *Report of the Commissioner of Inquiry into the State of the Colony of New South Wales*, (London; 1822, Reprinted in 1966, Adelaide; Libraries Board of South Australia).

³⁰John Thomas Bigge, *Report of the Judicial Establishments of New South Wales and of Van Diemen's Land*, (February 1823).

³¹John Thomas Bigge, *Report of the Commissioner of Inquiry on the State of Agriculture and Trade in the Colony of New South Wales*, (London; 1823, Reprinted in 1966, Adelaide; Libraries Board of South Australia).

Colonial Leave of Absence Act 1782, also known as the *Burke's Act*, which stated that a judge could be removed by the Governor and the Council of the colony.³² As a result, Judges could be easily removed by the British government and rulings questioned. When Macquarie became aware that his opponents were complaining about him to influential friends in England and flooded the Colonial Office with their grievances, he counter-attacked by sending Lord Bathurst a list of *Discontented and Seditious Persons in New South Wales*.³³

Although, Macquarie (known as the father of Australia) is one of the most memorable colonial governors in New South Wales with a university, buildings, banks, libraries, many statues and plaques in his honor, he is known to British parliament as the governor who utilized terrorism and slaughter to stop hostile indigenous resistance to invasion and dispossession. Bigge's reports were very persuasive with the British general public. The reports changed how people viewed the British governments involvement in Australian daily activities. As a result, the British people no longer favored Governor Macquarie.³⁴

According to Bigge, statistics available relating to the rule of Governor Macquarie show a substantial growth in aggregate output during the major period of the pre- 1820 period.³⁵ For example, sheep numbers in New South Wales were approximately 34,550 in 1810 and 99,487 in 1820. Such increases seem incompatible with a restraint in aggregate growth.³⁶ Evidence of the wool shipped from New South Wales to London, England between 1807 and 1821 can be

³²British Parliament, *Colonial Leave of Absence Act 1782: Burke's Act 1782*.

³³Lachlan Macquarie, *Discontented and Seditious Persons in N S Wales*, December 1, 1817.

³⁴The British Museum Papers, *English Opinion on the Projected Colony*, 5th November, 1786.
<http://gutenberg.net.au/ebooks13/1300291h.html#ch-05>

³⁵G C Abbott, *Staple theory and Australian Economic Growth 1788-1820*, *Business Archives and History (BAH)*, 145.

³⁶Report of the Select Committee on Transportation, *Parliamentary Papers, 1837-1838*.

identified in Table 1.1. There was no wool recorded as shipped from New South Wales during the years of 1809 and 1810 and again between 1812-1814 which corroborates the battles being waged both domestically and internationally.

During the period of 1809-1810, a military coup took place against the New South Wales government which would offer an explanation as to why no wool was shipped from 1809-1810. The military forces were stationed in New South Wales from 1792-1810 and were known as the *New South Wales Corps*. They held a monopoly in the economic trading of spirits and as a result were given the nickname, “*The Rum Corps*.” In 1806, the Governor of New South Wales was Captain William Bligh, who would later become Admiral Bligh, and was identified as a very strong naval officer who disciplined heavily. He is remembered for his crew who revolted against him on April 28, 1789 on the H.M.S. *Bounty*, a British naval ship. At this time, Governor Bligh was cognizant that the *New South Wales Corps* was only interested in promoting their own economic interests and running the colony independently. Also, Bligh knew that the small non-military farmers, were being treated unfairly by the *New South Wales Corps*.³⁷

³⁷Glynn Christian, *The Truth About the Mutiny on HMAV Bounty and the Fate of Fletcher Christian*, (Naval Institute Press, 2021), 200.

TABLE 1.1. Wool Shipped from New South Wales, 1807-1821

Year	Wool, lbs.	Year	Wool, lbs.
1807	245	1815	32,971
1808	562	1816	73,171
1809		1817	13,616
1810		1818	86,525
1811	167	1819	74,284
1812		1820	99,415
1813		1821	175,433
1814			

Source: *Report of Select Committee on Transportation, 1838*.³⁸

As the governor, Bligh did have the legal authority to suspend the actions of the *New South Wales Corps* and he did endeavor to do so. However, the officers of the *New South Wales Corps* disagreed with several issues of the Governor's including the support given to small settlers. As a result, on January 26, 1808, Lt. Colonel George Johnston of the *New South Wales Corps* arrested Bligh and took over the control of the colony. Those who had supported Governor Bligh were arrested and were forced to work in convict gangs for the next two years. This was the only military coup ever brought against the Australian government. The *New South Wales Corps* would remain in control of the colony until 1810. At that point, the British government would dispatch a new governor, Lachlan Macquarie, who brought his own army with him in order to dismantle the *New South Wales Corps*.³⁹

³⁸*Report of Select Committee on Transportation, 1838*.

³⁹Glynn Christian, *The Truth About the Mutiny on HMAV Bounty and the Fate of Fletcher Christian*, 200.

According to Table 1.1, at least by 1811, the Australian colony had just started to recover economically, especially in trade. Evidence of this can be observed in the shipments of wool that were recorded once again. At that time, the Australian economy became more stable with the installation of Governor Macquarie into the government seat. This allowed trade to resume and prosper at least for a short period of time. Unfortunately, by 1812 in the Australian colony, trade was coming to a halt once again due to disruption of trade overseas by constant warfare worldwide. Also, internal British economic struggles due to the Industrial Revolution had moved the agrarian and domestic economy to an economy completely dominated by industry and machine manufacturing. This was now was causing strife with the British people.⁴⁰

Internationally, battles were taking place between countries that had a direct influence on the trade in the colony, especially trade between Australia and Britain as the open seas were not safe to travel upon. In addition, the *Napoleonic Wars* in France that had been in constant succession from 1799–1815 until Britain defeated Napoleon at the Battle of Waterloo on June 18, 1815 had taken its toll on the British people.⁴¹ At the start of 1802, the British Naval command had increased its capabilities to 19,772 vessels (2,037,000 tons). By 1815, that figure had reached 21,869 ships (2,447,831 tons). Consequently, the British Navy continued to hold maritime supremacy over the high seas. As a result, Great Britain came to control colonial reexport trade such as cotton, dyes, coffee, tea, sugar, and spices. This contributed to the British national economy growth exponentially.⁴²

⁴⁰*Report of Select Committee on Transportation, 1838.*

⁴¹*The London Gazette Extraordinary, 22 June 1815.*

⁴²Holger Hoock, *Empires of the Imagination, Politics, War, and the Arts in the British World 1750-1850*, (London; Profile Books, 2010), 361-72.

Table 1.2. Battleships and Frigates

The British Navy (excluding minesweepers, icebreakers, etc.).
Carriers Battleships and Cruisers Destroyers

Year	Carriers	Battleships and Large Amphibious Craft	Cruisers	Destroyers and Frigates	Submarines	Coastal Patrol Vessels
1650	0	46	26	0	0	0
1700	0	127	49	0	0	0
1800	0	127	158	0	0	0
1810	0	152	183	0	0	0

Source: <https://www.historic.uk/com/BritishNavy>

During the time leading up to the *War of 1812*, the United States had imposed trade restrictions against Great Britain to stop the removal of American seamen by the British Royal Navy in the late 18th and early 19th centuries and forcing them into public service.⁴³ This significantly affected the Australian economy by curtailing trade with Great Britain. In addition, fewer shipments occurred between Australia and Great Britain during this time frame. Evidence of no trade taking place between countries can be confirmed by the data supplied in Table 1.1. In the December of 1812, the British Admiralty's response to the American trade embargo was to issue a naval blockade of the Chesapeake and Delaware bays. Consequently, Britain started to enforce the blockade with warships by February 1813. The British blockade was extensive and ran from New York to New Orleans. This further reduced American trade with international markets such as Europe and Australia.⁴⁴

⁴³Thomas Jefferson, *The Embargo Act of 1807*.

⁴⁴Robert Cowley, and Geoffrey Parker, War of 1812, *The Reader's Companion to Military History*, (Mariner Books, 2001), 592.

In addition, *The War of 1812* started over multiple disagreements that covered many years with America and Britain. Britain refused to recognize the neutral rights of merchant ships, especially those ships that were owned by America. Britain's policy of impressment was unacceptable to the American government.⁴⁵ American sailors were being captured on the high seas. They were then forced to work on British Naval ships. In the *War of 1812* America wanted to establish their rights and to be accepted as an equal member into the world community. Because of this, the *War of 1812* is often viewed as the second war for American independence. Therefore, when the United States Congress voted for war on June 18, 1812, they were looking for the respect from the worldwide community. In addition, America wanted entrance into the worldwide markets, and to be able to trade freely without provocation.⁴⁶

Inevitably, it was about who controlled the waterways that commanded the course of the *War of 1812*. The United States army's capability to control the Great Lakes was determined by the United States navy's ability to control those bodies of water that surrounded the Great Lakes. It was the American army, under General William Henry Harrison, who had had defeated the British military at the Thames River only after Commander Oliver H. Perry won control of Lake Erie in September 1813.⁴⁷ However, strategically, it was General Jacob

⁴⁵British Parliament, *Acts passed in 1703, 1705, 1740 and 1779*; Press gangs originated from the word impressment; it is known as the act of coercing someone into government service; the Royal Navy used this system as a crude and violent method of recruiting seamen into the naval service, which was almost always against their will; impressment was compulsory during the naval wars of the 18th century as dictated by the *British Parliament Acts passed in 1703, 1705, 1740 and 1779*.

⁴⁶Robert Cowley, and Geoffrey Parker, *War of 1812, The Reader's Companion to Military History*, (Mariner Books, 2001), 592.

⁴⁷Gerard T Altoff, *Oliver Hazard Perry and the Battle of Lake*, (Put-In-Bay, Ohio: The Perry Group, 1999), 99.

Brown who had decided not to attack the British military at Fort George as the Niagara River empties into Lake Ontario. At that time, he was informed that he would not have the support of an American fleet under Isaac Chauncey.⁴⁸

Although America was able to defend its homeland on the inland waterways, it was difficult to defeat Britain out on the open seas. Consequently, the British Naval command were constantly attacking cities along the American coastline as they saw fit since they had proven themselves unbeatable. The war came to an end on December 24, 1814. *The Treaty of Ghent* was signed by British and American representatives at Ghent, Belgium, ending the *War of 1812*. The terms of the treaty stated that all conquered territory was to be returned to their original owners. Commissions would be planned to settle the boundary of the United States and Canada.⁴⁹ In addition, Britain conceded to relinquish their claims to the American Northwest Territory. Also, America and Great Britain agreed that they would try to end the slave trade.⁵⁰

In order to monitor the control of the Great Lakes, *The Rush-Bagot Agreement 1817* was enacted. It represented Richard Rush, acting as the United States secretary of state, and Charles Bagot, British minister to the United States, who both agreed to limits being placed on the usage of naval forces on the Great Lakes after the *War of 1812*. Each country was allowed no more than one vessel on Lake Champlain, one on Lake Ontario, and two on the upper lakes. Each vessel was restricted to a maximum weight of 100 tons and one 18-pound cannon. The agreement was ratified unanimously by the Senate in 1818. With some

⁴⁸Robert Cowley, and Geoffrey Parker, *War of 1812, (The Reader's Companion to Military History)*, 592.

⁴⁹*The Treaty of Ghent December 24, 1814; Ratified February 17, 1815.*

⁵⁰*The Treaty of Ghent December 24, 1814; Ratified February 17, 1815.*

modifications, it has remained in force to the present day and it has formed the basis of peaceful border relations between the United States and Canada.⁵¹

Officially, *The Treaty of Ghent* did not end the war until February 1815 where both America and Great Britain agreed at least to the concept of *status quo ante bellum*, which meant that everything would go back to the way it was before the war. At that point, in 1814 the United States Army held a record number of 38,000 soldiers together with 2200 Americans who had just died in battle. However, it was Andrew Jackson's one-sided victory at New Orleans that took place as the war was ending. This success in battle convinced Americans of their martial superiority and a wave of nationalism ensued.⁵² *The War of 1812* demonstrated that the United States was prepared to go to war when their sovereignty was threatened. As a result, they had earned the respect of both European and countries worldwide. Consequently, one of the longest periods of peaceful relations in American history transpired after the *War of 1812* ended.⁵³

In addition, the Chesapeake region of the United States had held the seat of the federal government. As a result, commercial trade was very successful in this area. This is one of several reasons why the British government chose this location to severely disrupt economic trade patterns. The *War of 1812* had a devastating effect on commerce as inevitably the United States trade restrictions leading up to the war dramatically decreased American exports. The British blockades and direct attacks on tobacco stores and other US trade goods

⁵¹US Government, *The Rush–Bagot Treaty*, Washington, DC; 1817.

⁵²Robert V Remini, *The Battle of New Orleans; Andrew Jackson and America's First Military Victory*, (New York City: Penguin Books, 2001), 256.

⁵³Robert Cowley, and Geoffrey Parker, *War of 1812; The Reader's Companion to Military History*, (Boston; Houghton Mifflin, 1996), 592.

made it difficult to conduct commerce during the war. Although, there was no winners in the *War of 1812* between the British and the Americans, internationally other countries observed that the United States would engage in military warfare if their maritime rights were threatened.

As a result, worldwide respect was earned for the Americans and they were fully accepted into world markets.⁵⁴ The war of 1812 had a positive effect on the Australian woolen industry as Britain had ceased trading with America during this time frame. Britain's military was actively engaged in war with America. As a result, Britain was not in a position to send many supplies to Australia, thereby trade was curtailed. However, Britain was forced to find alternative shipping routes and suppliers of raw materials. This gave Australia the opportunity to build its woolen industry and supply the local market with the approval of the British government.

Furthermore, from the beginning of the 1800s, Britain had been dealing with internal economic struggles within the British woolen industry. There had been considerable economic disruption for English hosiers, croppers, and weavers. In particular, fashion had changed, especially in men's fashion as they had chosen to move from wearing stockings to trousers. As a result, this change in the choice of men clothing severely damaged the England's hosiery industry.⁵⁵ Also, the ten years of Napoleonic Wars (1800-1815) had completely ceased trading and as a result considerable food shortage ensued. Australia did support the British cause during the Napoleonic Wars as military personnel and civilian personnel stationed in Australia were British subjects under British military rule. Although

⁵⁴Donald R Hickey, *The War of 1812, A Short History*, (University of Illinois Press, 2012), 160.

⁵⁵Thomas Williams, *Thomas Williams's of Gosport, Australia & Nottingham, England*. Letters 1725 to 1850 on the creation and collapse of the hosiery industry in England.

there were several shipments of wool and other products sent from the colony to England, trade was kept to a minimal during this time frame as indicated in Table 1.1. due to international battles being fought and the dangers traveling out on the open seas.

In addition to worldwide warfare, from the 18th century onwards, the Industrial Revolution had brought many unwelcomed changes to England. It had moved from an agrarian and handicraft economy to an economy completely dominated by industry and machine manufacturing. These technological changes introduced new ways of working and living. It completely changed the way society operated and produced manufactured goods. As a result, new technology allowed for the rapid production of new machines. In turn, workers were now able to produce knitted goods at approximately 100 times faster than by hand. This increased the demand for raw wool to keep the mills of Britain producing.⁵⁶

Even with advanced technology in the textile industry, Britain was unable to keep up with the demand for wool as a finished product. For example, John Kay invented the flying shuttle which allowed wider cloth to be woven faster and this created a demand for yarn that could not be supplied. Also, James Hargreaves created the spinning jenny, a device that could perform the work of a number of spinning wheels which was successful in increasing the numbers of finished products at any given time. These machines and processes would be adapted to do the same for wool. However, it would take several years for textile innovation utilizing advanced technology to be set up in Australia. Especially after 1850, merino wool from Australia which had longer fleece length than previous wool became more suitable to machine spinning.⁵⁷

⁵⁶Rachel Worth, *Clothing and Landscape in Victorian England Working-Class Dress and Rural Life*, (London, England: I. B. Tauris, 2019), 224.

⁵⁷G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971).

Not everyone was in favor of new technology and the changes that it brought with it, for example, in January of 1812, George Ball's textile workshop in Nottingham, England was violently attacked by a group of men who identified themselves as the "Luddites." General Ludd and his men destroyed five knitting machines as they were against the development of new technology as it destroyed jobs and livelihoods. Previously, due to new technology changes, there had been many labor uprisings by skilled artisans who were in constant fear of becoming unemployed. According to Dr. Kevin Binfield, an English professor at Murray State University, the stocking knitters and lace workers in Nottingham were working in industries that were largely in decline. Many of the owners of Textile industries chose to ignore these uprisings and continued to reduce wages as incidents occurred. When the British economy took a downward turn, merchants cut costs. They employed lower-paid, untrained workers to operate the machines. Consequently, the textile industry was able to move out of individual homes and into the mills where hours were longer and conditions were more dangerous.⁵⁸

Furthermore, Britain became the wealthiest nation in Europe due to its extensive trade routes worldwide. Using its naval dominance, England continued to build up colonies around the world and create new trade networks. In the Australian colony, it was now safe for the shipping of wool to resume in 1815. As it noted in Table 1.1., wool shipments out of Australia to Britain continued to increase up to 1819.⁵⁹ These increases in wool shipments did confirm

⁵⁸Kevin Binfield, *Writings of the Luddites*, (Baltimore; Johns Hopkins UP, 2004, 2015), 310.

⁵⁹*Report of Select Committee on Transportation*, 1838.

the economic potential for the growth of the woolen industry in Australia. As a result, from 1820 to 1851 this period became known as the pastoral age in Australia.⁶⁰

At this time, in New South Wales, Governor Thomas Brisbane had been appointed as the replacement for the previous Governor Lachlan Macquarie. Brisbane followed all of Bigge's recommendations. He assigned the convicts to free settlers in proportion to the size of a land grant. Also, he suggested the creation of convict labor gangs which were to be used for pastoral expansion. The reorganization of convicts created the momentum for the development of the wool industry, and it attracted an influx of free settlers.⁶¹

By 1820 sheep numbers had begun to substantially increase in Australia. They had reached approximately 120,000 and consisted mainly of meat sheep from the Cape of Good Hope, India, England and Ireland, and the restructuring of sheep breeds. At this stage only around 30 merino sheep had been imported into Australia. However, the importation of around 5,000 merino sheep in the 1820s and their eventual crossing with the local sheep flock laid the foundations for the Australian wool industry. Over the next 30 years the pastoral industry expanded into newly opened lands in and around Sydney and beyond the Blue Mountains further into New South Wales. Other districts further afield such as Port Phillip and Portland Bay in present day Victoria were further expanded and developed. Imports of sheep continued to grow as the demand for sheep meat and wool increased in Australia and Great Britain.⁶²

⁶⁰G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971).

⁶¹Thomas Brisbane, Papers of Sir Thomas Brisbane, 1815 – 1858, Special Collections Manuscript, Collection No MS 4036; National Library of Australia, <https://nla.gov.au/nla.obj-233244754/findingaid#nla-obj-426044592>

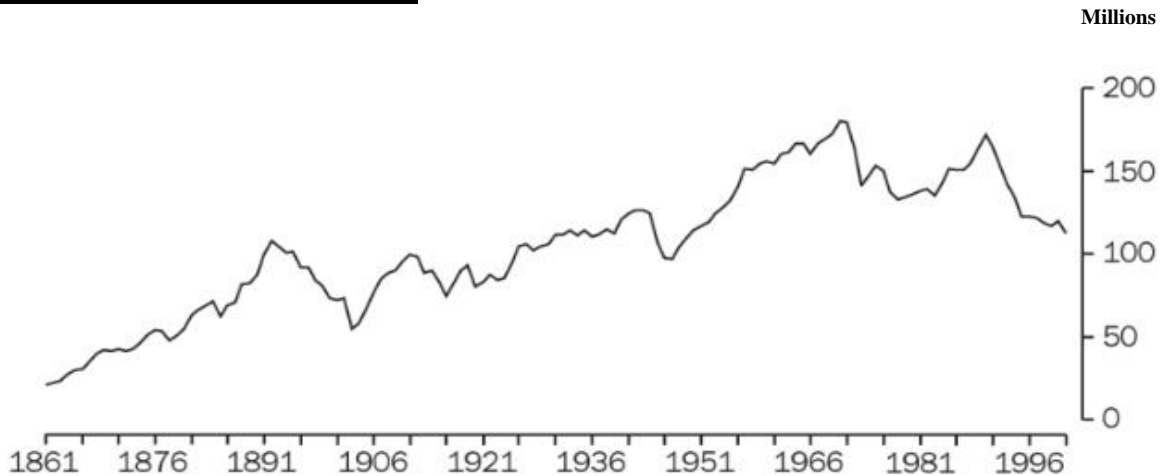
⁶²*Statistics of New South Wales, from 1837 to 1857*, compiled from Official Records in the Colonial Secretary's Office, Sydney.

By 1840 imports of sheep into the colony of New South Wales had reached 20,000. By 1848 the exports of sheep had reached almost 90,000. In the same year, 5,657 tons of wool, valued at £683,623, were exported to Great Britain from New South Wales, which at that time included the areas of Queensland and Victoria. By the end of 1850 sheep numbers across Australia had reached 16 million, or around 39 sheep per head of population, compared to around 6 sheep per head of population today.⁶³ According to the Australia Bureau of Statistics, sheep numbers continued to grow up to 25% during the 1850s. In 1852 the Colony of Victoria had climbed to 6.5 million sheep. By 1860, sheep numbers had reached 20.1 million. As a result, Victoria was exporting 9,112 tons of wool with an estimated value of £1,062,787. Consequently, sheep numbers increased rapidly, from 20.1 million in 1860 to over 106 million in 1892.⁶⁴ Over the same period wool production increased nearly ten times.

⁶³*Statistics of New South Wales, from 1837 to 1857*, compiled from Official Records in the Colonial Secretary's Office, Sydney.

⁶⁴*Statistics of New South Wales, from 1837 to 1857*, compiled from Official Records in the Colonial Secretary's Office, Sydney.

Table 1.3: S16.2 Sheep and Lambs



Source: *Statistics of New South Wales from 1837 to 1857 in Agriculture, Australia (7113.0)*⁶⁵

It grew from 26,753 tons to 289,380 tons. Fleece weights increased with the development of improved strains of sheep. Eventually, by the end of the 19th century the wool industry had taken on a life of its own.⁶⁶

However, Abbott's observation raises a crucial point in the context of applying the staple theory to the New South Wales export sector as designated by McCarty. According to Abbott, for a staple theory of growth to be applicable, the export sector's rate of growth must exceed the rate of population growth.⁶⁷ The lack of per capita growth, as argued by Abbott, stems from the inherent nature of the export sector in question, suggesting that it was

⁶⁵*Statistics of New South Wales, from 1837 to 1857*, compiled from Official Records in the Colonial Secretary's Office, Sydney.

⁶⁶*Statistics of New South Wales, from 1837 to 1857*, compiled from Official Records in the Colonial Secretary's Office, Sydney.

⁶⁷W C Wentworth, *A Statistical Account of the British Settlements in Australasia*, vol 1, (London; George B. Whittaker, 1824), 273.

incapable of inducing growth at a rate surpassing the population growth. This raises questions about the suitability of applying the staple theory to an export sector that, by its very nature, may not have had the potential to drive per capita growth in real output. It emphasizes the need for some understanding of the specific characteristics and dynamics of the export sector under consideration when applying economic theories like the staple theory. If the identified export sector couldn't outpace population growth, its role in driving overall economic growth may be limited. As a result, this challenges the conventional assumptions of the application of the staple theory.⁶⁸

Consequently, McCarty's analysis highlights the role of a constant level of exports in potentially restraining sustained economic growth by limiting capital accumulation, especially in the pastoral industry. He argues that the disposition of income from the export sector was conducive to growth as it was directed "into the hands best able to save."⁶⁹ However, a critical aspect that McCarty may not fully consider is the entrepreneurial behavior and intentions of the groups receiving this income. The early entrepreneurs, particularly military and civil officers, who invested in the colony might have had a short-term perspective, intending to make high profits and not planning to stay in the colony beyond their service term. Their investment strategies, driven by short-term profit motives, could have influenced the overall dynamics of capital accumulation and growth. Their focus on meeting the demand for consumer goods within the export sector could have contributed to a specific pattern of investment and consumption, which may have had implications for the broader economic landscape. This perspective emphasizes the need to consider not only the direction of income

⁶⁸G C Abbott, *Staple theory and Australian Economic Growth 1788-1820*, (BAH), 151.

⁶⁹G C Abbott, *Staple theory and Australian Economic Growth 1788-1820*, (BAH), 149.

but also the intentions and strategies of the recipients, shedding light on the degree of entrepreneurial behavior and its impact on economic development.⁷⁰

In addition, economist, M. H. Watkins has summarized the staple approach in a systematic form which emphasizes the importance of linkages in understanding the impact of export staples on economic development. Watkins identifies three key types of linkages. One, there is backward linkages. This refers to the investment induced by the production of an export staple for local production of inputs needed by the export sector. It highlights the interdependence between the export staple and the local industries that provide essential components or raw materials. Second, there is forward linkages. Here, Watkins emphasizes the investment induced for local production that utilizes the output of the staple industry as an input. This involves the connections between the export staple and downstream industries that use the exported goods as inputs for their own production processes.

Third, there is final demand linkage. This involves the investment induced for local production to meet the demand for consumer goods resulting from increased income generated by the export staple. It highlights the broader economic impact of the export sector on local businesses supplying goods and services to the population.⁷¹ Watkins' systematic approach underscores the complex network of interactions and dependencies within an economy driven by an export staple. The linkages he identifies contribute to a more variation

⁷⁰G C Abbott, *Staple theory and Australian Economic Growth 1788-1820*, (BAH), 151.

⁷¹M H Watkins, 'A Staple Theory of Economic Growth', *Canadian Journal of Economics and Political Science*, volume 29, no 2, 1963, 141-58.

of understanding on how the growth of export staples can influence various sectors of the economy, fostering economic development.⁷²

Consequently, Watkins was able to knit these elements into an analysis that outlines a methodology of economic growth. However, he does warn about the staples trap. For example, the continuous issues with fragile linkages that inhibit development and rely on raw resources. In addition, certain regions would be subject to resource cycles of a boom or a bust. Furthermore, Watkins used Innis's ideas, modernized them, and applied them to the understanding of Canada's postwar growth and development. For example, Watkins used his updated model to understand Canada's major reliance on foreign investment. Then, Watkins focused on the domestic business class such as the finance and resource sectors. Watkins also studied the economic and geopolitical risks. Consequently, Watkins was able to forge a link between the earlier study of the staple theory by economists Innis and W. A. Mackintosh. As a result, a new school of thought was born within the Canadian political economy which offered an intellectual foundation for theoretical and policy interventions.⁷³

In conclusion, the woolen industry in Australia was in its infancy in comparison to the British market which was several times bigger and economically sound. However, Australia had access to large areas of unused land suitable for sheep farming. Therefore, Australian pastoralists were able to expand inland very quickly. As a result, Australian wool exports were able to multiply at least two hundred times during the period of 1820-1850.

Consequently, the growth of the wool expanded from zero into an impressive source of

⁷²M H Watkins, 'A Staple Theory of Economic Growth', *Canadian Journal of Economics and Political Science*, volume 29, no 2, 1963, 141-58.

⁷³M H Watkins, 'A Staple Theory of Economic Growth', *Canadian Journal of Economics and Political Science*, vol 29, no 2, 1963, 141-58.

economic revenue for the colony.⁷⁴ The spur in economic growth from exports income no longer needed to just rely on the domestic market and market opportunities started to open up for colonial producers.

Finally, the profits from fine wool growing was such an enticement to free immigrants and for private capital accumulation into eastern Australia. So much so that by 1830, the Australian colonies were no longer controlled by the British government just for their use and undertakings. Local government in the colony was beginning to take shape with an endeavor to control their own destiny. By 1850 Australian wool exports were over two thirds in shipments internationally. The staple of wool had securely placed eastern Australia on its first real step of the capitalist phase of economic development.

⁷⁴R V Jackson, *Australian economic development in the nineteenth century*, Canberra; ANU Press, 1991, 4-5.

CHAPTER 3
THE HISTORY OF WOOL

In chapter two, the staple theory was examined and its application was applied to the growth of the Australian woolen industry as a staple product. Furthermore, it is evident that the staple theory is linked to the export led theories of economic growth. Exports determine the growth process, irrespective of whether these exports are raw materials or manufactured goods or services. Whether or not economic development is promoted by the presence of staple products depends not just on the demand side since producers do not have as much affect, but more importantly by staple producers' ability to reduce their relative production costs. In addition, as is evident in the development of the Australian woolen industry, economic performance can be severely affected by the forms of how labor is distributed in the staple economy such as the labor from free settlers versus the labor from convicts supplied by the British government.

Furthermore, why is the history of wool considered to be so complex? How did sheep breeding evolve in Europe? Why were sheep classified and grouped? Chapter three analyzes the evolution of wool throughout Europe and its successes. Because of this, wool would become a successful staple product in colonized Australia. It supports the argument of the staple theory through the evolution of classification of sheep breeding in Europe, the transportation of sheep to Australia, the convicts employed to maintain the sheep in Australia, and the inception of wool growth in Australia as a staple product. Supply and demand play an important role in the understanding of the economic evolution of staple producing economies. However, the supply side plays a more

important role as staple economies have more control and influence over the supply side. With regard to sheep breeding, it can be seen as evolving with new technology being implemented and the production of wool becoming much more competitive across borders.¹ In addition, an influential and broad trend that became apparent was the gradual displacement of sheep farming for wool from the European lowlands to the extensive land frontiers in the Southern Hemisphere.

Consequently, the relocation of wool growing coincided with technical changes in the woolen manufacture increasing demand for the fine strong wool of the merino sheep that adapted to warm and drier conditions. Until the 18th century the Merino sheep had been a protected monopoly of Spain. After that time frame, they were dispersed throughout Europe. Then, merino sheep were crossed with local breeds.² During the early nineteenth century, the structure of demand in the London wool market changed decisively, with the shift from traditional reliance on domestic supplies for woolen manufacture to an increasing reliance on imported wool (see Table 1.1).³ Furthermore, between 1810 and 1840, as Table 1.1 indicates, the dominant source of these imports shifted from Spain, to Germany, to Australia.

Also, historically leading up to 1800 sheep breeding in England and Scotland had become quite complex. By the 1800s different sheep breeds could be grouped into three or

¹Morris Altman, "Staple Theory and Export-Led Growth; Constructing Differential Growth," *Australian Economic History Review* 43, Issue 3, 2003, 230–255.

²Stephen Roberts, *The Australian Wool Trade-Trade in the Forties*, (New York: Johnson Reprint Corporation, 1931), 45.

³Ann Marshall, *The 'Environment' and Australian Wool Production; One hundred and Fifty Years*, (Melbourne; Cheshire Publishing Pty, Ltd, 1976), 123.

four categories depending on which part of England or Scotland they were located.⁴

Interestingly, one can still find these same sheep breeds still in existence today. Evidence of sheep breeds can be viewed in Figure I.⁵

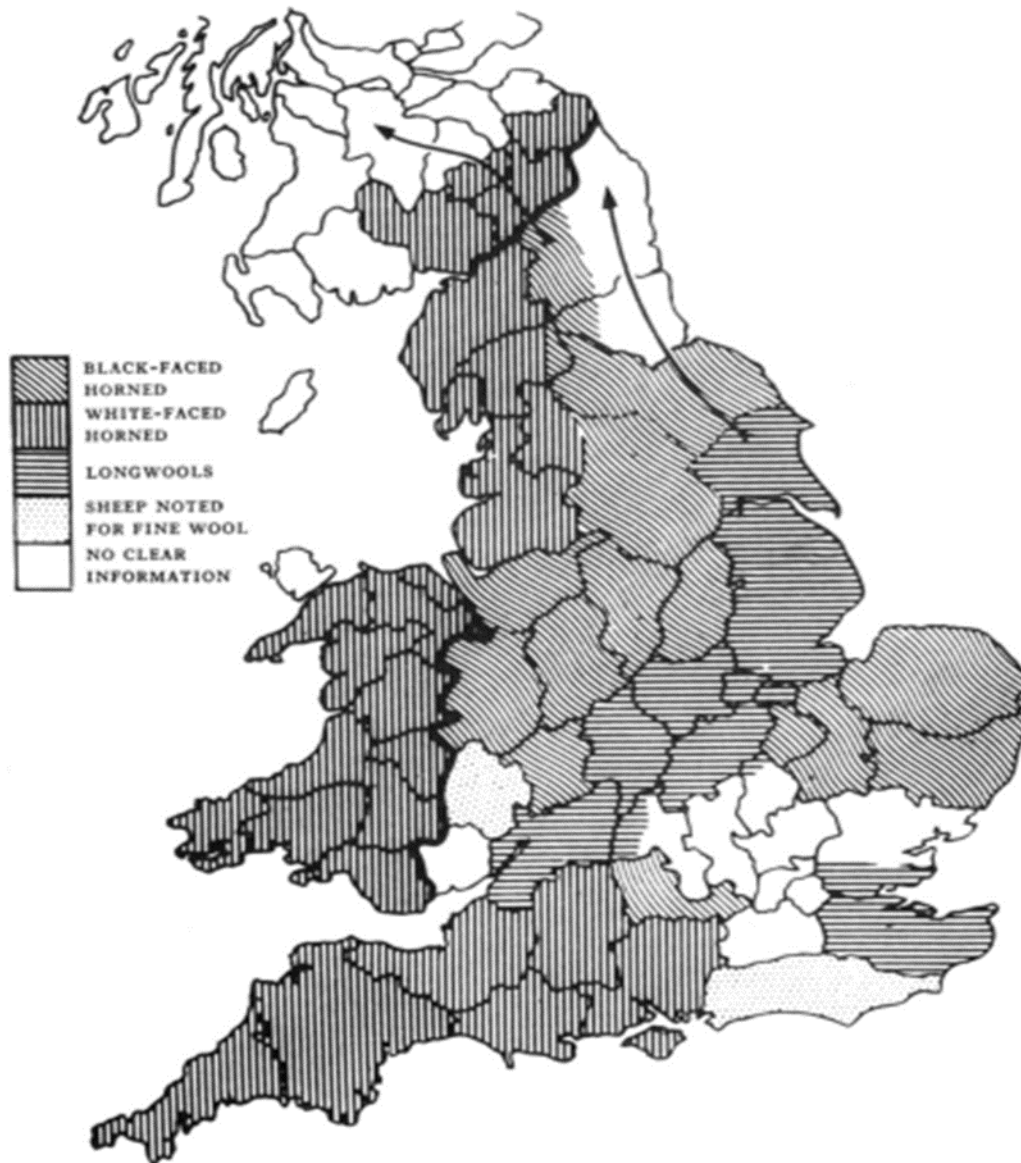


Figure I: England and Scotland Sheep Breed Types 1800.⁶

⁴M L Ryder, "Medieval Sheep and Wool Types," *The Agricultural History Review*, vol 32, no 1, 1984, 14–28.

⁵M L Ryder, 'The History of Sheep Breeds in Britain,' *Agricultural History Review*; 12, 1, 1964, 66.

⁶M L Ryder, 'The History of Sheep Breeds in Britain,' *Agricultural History Review*; 12, 1, 1964, 66.

Additionally, sheep fleece variations occur mainly through genetic differences. However, during the middle ages many discussions ensued over the differences between short wools and long wools. Eventually, it was agreed on the categorization of short wools and long wools.⁷ Each fleece type has a characteristic staple form that emerges from the mixing of varying amounts of different fiber types. Nutrition does play an important role. However, even though nutrition can always be improved upon, a short-woolen fleece can only ever grow slightly longer. Genetics will never allow a short woolen fleece to adapt into a long woolen fleece.⁸ Equally important, during the medieval period the classification of sheep breeding in Britain was based on face color, whether horns existed or not, and the type of its fleece, (see Table 1.4). Furthermore, Britain was one of the leaders during the medieval period in producing the most wool and the finest wool.

At this time, Britain had earned an excellent reputation for their finest wool as better quality even more so than Spanish wool at that time. The white-faced, horned, hill group usually included old breeds that are horned in the rams only. The wool is not hairy but it is normally coarse. The related white-faced short-woolled group has breeds with finer wool than the white-face horn. Those who have horns are horned in both male and female. The long wools have a white face and no horns. The latter developed more fully during the eighteenth century.⁹

⁷R A Trow-Smith, *History of British Livestock Husbandry 1700-1900*, (London; Routledge, 2013), 392.

⁸M L Ryder, 'The History of Sheep Breeds in Britain,' *Agricultural History Review*; 12, 1, 1964; 1-12; 12, 2, 1964; 65-82.

⁹M L Ryder, and S K Stephenson, *Wool Growth*, (London; W S Cowell, Ltd, 1968), 805.

Table 1.4: Illustrations of Sheep in Paintings and Sculptors¹⁰

<i>Date</i>	<i>Country</i>	<i>Title</i>	<i>Face colour</i>	<i>Horns</i>	<i>Fleece and other details</i>
Roman	Scotland	Carving on Antonine Wall (Mus. Antiq., Edinb.)	—	horned	'rough' wool
c. A.D. 800	Scotland	Carving at St Andrews Cathedral (Mus. Antiq., Edinb.)	—	horned	'rough' wool
c. 1000	England	Harley MS. 603, fo. 69b	white	polled	long tails
11th cent.	England	MS. Cotton Julius A vi	white	4 horned	suckling a lamb
12th cent.	England	Natural History, Royal 12. cxix fo. 19	white	1 polled	
12th cent.	England	Psalter, Trin. College, Camb. R 17, 1.	white	4 horned	
c. 1200	England	Bestiary, Ashmole 1511 sheep, fo. 29 ^v	white	short	closely shorn
		wether, fo. 30	white	horned	closely shorn
		lamb, fo. 30	white	polled	closely shorn
13th cent.	England	Bestiary, St John's College, Oxford, M61, fo. 21	5 white 2 brown (1 all brown)		closely shorn
		sheep grazing, fo. 25 ^v	white	horned	black or brown
		wether, fo. 26	white	horned	parts interpreted as shadow
		lamb, fo. 26 ^v	white	polled	
1230	France	Relief at Chartres Cathedral	—	5 polled	short wool
c. 1340	England	Luttrell Psalter	apparently white	2 of 20 horned	being milked and shorn; fleece of short curls
2nd qtr 14th cent.	England	Holkham Bible Picture Book	white	horned	Idealized wavy wool with curly ends
c. 1350	England	Add. MS. 47,682, fo. 2b Carving in Byton Church, Hereford	—	polled	short wool (Capt. Sir Hugh Rhys Rankin thinks that this might be an ancestor of the Border Leicester)
14th cent.	Spain	Add. MS. 20,787, fo. 112b	white	horned and polled	long legs and neck; stylized long wavy wool
14th cent.	Italy	Nativity by Ghissi	white	horned with 2nd spiral	

¹⁰M L Ryder, *Agricultural History Review*; 11, 1961, 110-113.

Table 1.5: Sheep Breeds in Britain¹¹

<i>Date</i>	<i>Country</i>	<i>Title</i>	<i>Face colour</i>	<i>Horns</i>	<i>Fleece and other details</i>
about 1423	France	Bedford Book of Hours Add. MS. 18,850 fo. 3, Aries	white	yellow horns from side	short wool, tail to hocks
early 15th cent.	France	fo. 16b, Leaving the Ark Adoration of the Magi	white white	horned 4 polled	small and indistinct
early 15th cent.	Flanders	"Adoration of Immaculate Lamb" by brothers van Eyck	white	polled ram	good mutton conformation, brown legs
15th cent.	N. France	Angel and Shepherds, Book of Hours Nat. Lib. Scot. Add. MS. 18.7.12	white	5 polled	short wool
15th cent.	Flanders	"Angel appearing to Shepherds" in book of hours	white	1 of 8 horned	short wool
1452-60	France	"St Margaret" by Jean Fouquet in book of hours of Etienne Chevalier	white	5 polled sheep	short wool
1st half of 15th cent.	France	Angel and Shepherds in above book of hours Add. MS. 16,997, fo. 63	white	8 polled	remainder have heads hidden
1470	France	Dance of Shepherds	apparently white	horned ? ram polled ? ewe and lamb	short wool
15th cent.	France or Flanders	The Shepherds in the Fields, Book of Hours Edinb. Univ. Lib., MS. 305	white	9 polled	short wool
late 15th cent.	England	Bestiary	white	horned	short, tight stylized curls (as 1340 above)
about 1500	Flanders	Angel and Shepherds Add. MS. 38,126, fo. 79b	14 white 2 brown	polled	short wool, details not clear
1510	Germany	"The Crucifixion" by Mathias Grunewald	white	polled	short wool
about 1520	Flanders	Sforza book of hours Shepherds at Bethlehem Add. MS. 34,294, fo. 91	white	polled flock	short wool like Ryeland, good detail
1st half of 16th cent.	Italy	Nativity by Lotto of Venice	white	polled	short wool (excellent detail)
16th cent.	? South European shore	"The Fall of Icarus" by Peter Brueghel	white but two completely black sheep	polled	has Dutch plough yet shows high cliffs
16th cent. 1530	Flanders Flanders	Grimani Breviary Simon Bening, book of hours	white white	polled polled	July shearing June shearing
2nd half 16th cent.	Italy	"Animals entering the Ark" by Bassano	white woolly (concave nose)	polled	short wool
1595		"Europa" by Adrian Collaert	white	polled	short wool

¹¹M L Ryder, *Agricultural History Review*; 11, 1961, 110-113.

Fortunately, medieval archaeology has been able to identify the size and shape of medieval sheep. Bones have been discovered from slim animals. For example, archeologists discovered horned and hornless sheep skulls at Kirkstall Abbey. It was believed that the horned skulls Pennine sheep were possible black-faced horned. Hornless skulls discovered by the archeologists indicate long-wools.¹²

Furthermore, the black-faced sheep breeds have horns. They have longer, hairy fleeces. In addition, they have horns in both male and female. The black-faced short wools do not have horns. They were created during the nineteenth century as Down breeds. The data documented in the following Table 1.5 indicate the proportion of animals with a certain blood type. As a result, it can be observed that sheep breeds found to be similar on other grounds tend to have similar blood type figures.¹³

¹²M L Ryder, *Agricultural History Review*; 11, 1961, 105-110.

¹³M L Ryder, and S K Stephenson, 805.

Medieval Sheep and Wool Data

Table 1.6: Classification of British Breeds¹⁴

Wild ancestor	Mouflon*	0.70	short tail
Brown	Soay*	0.96	short tail
Vari-coloured	Orkney†	—	short tail
	Shetland†	0.69	short tail
	St Kilda (Hebridean)	* (4) Black	short tail
	Manx Loghtan	* (4) Brown	short tail
	Jacob	* (4) Piebald	tail not short
<i>White-faced, horned hill</i>		<i>Black-faced, horned hill</i>	
Herdwick†	0.71	Scottish Blackface*	0.72
Cheviot†	0.54	Rough Fell*	0.81
Welsh Mountain†	0.54	Swaledale*	0.85
Radnor†	0.47	Dalesbred*	0.63
		Lonk*	0.45
		Derbyshire Gritstone	0.57
			heather hills
<i>White-faced, shortwools</i>		<i>Black-faced, shortwools</i>	
Kerry Hill	0.42	Clun	0.41
Ryeland	0.23	Shropshire	0.25
Whiteface Woodland*	—	Norfolk	1.0
Wiltshire Horn*	0.14	Suffolk	0.42
Dorset Horn*	0.49	Oxford	0.26
Portland*	—	Southdown	0.44
Exmoor Horn*	0.65	Hampshire	0.54
Devon Closewool		Dorset Down	0.49
		The Southdown has almost lost its face colour, and like the Ryeland has a woolly face.	
			Down breeds
<i>Demi-lustre longwools of medium length</i>		<i>Lustre longwools</i>	
Romney Marsh	0.53	Teeswater	0.54
Border Leicester	0.12	Wensleydale	0.59
		Leicester	0.06
		Lincoln	—
		Cotswold	—
		Dartmoor	0.13
		Devon Longwool	0.13
		South Devon	0.20
			White-faced polled

* both ewes and rams horned † only rams horned (4) = 4 horns

¹⁴M L Ryder, 'The History of Sheep Breeds in Britain,' *Agricultural History Review*; 12, 1, 1964, 15.

Next, in referring to Table 1.5, the data shows evidence of three British sheep breeds. First, there is the short-tailed prehistoric type that survives as the small brown Soay together with the Orkney and Shetland that comes in various colors. Second, there is the white-faced polled category. And third, there is the black-faced horned. The category that depicts the white faced horned are concentrated mainly in Scotland and western parts of Britain. It is suggested that this category may have been connected to the first sheep that arrived in Britain during pre-historic times. The Midlands of England houses the long wools which can be traced to livestock introduced during the Roman period. The category of the black-faced horned are located in the east and north of England. When this latter breed migrates to Scotland, it becomes the Scottish Blackface.¹⁵

As a result, in Britain broad groups of sheep breeding started to emerge in the sixteenth century. They started to form regional classifications. This gave rise to the native breeds of various counties that became evident at the end of the eighteenth century. The emergence of county breeds correlates to the changes that began to occur during the sixteenth and seventeenth centuries. This was due to the fact that largely subsistence farming of the Middle Ages had moved to commercial agriculture carried out by farmers.¹⁶ These farmers became known as yeomen, freehold farmers who managed their own lands.

¹⁵R A Trow-Smith, *History of British Livestock Husbandry 1700-1900*, 392.

¹⁶M L Ryder, 'The History of Sheep Breeds in Britain,' *Agricultural History Review*; 12, 1, 1964, 17.

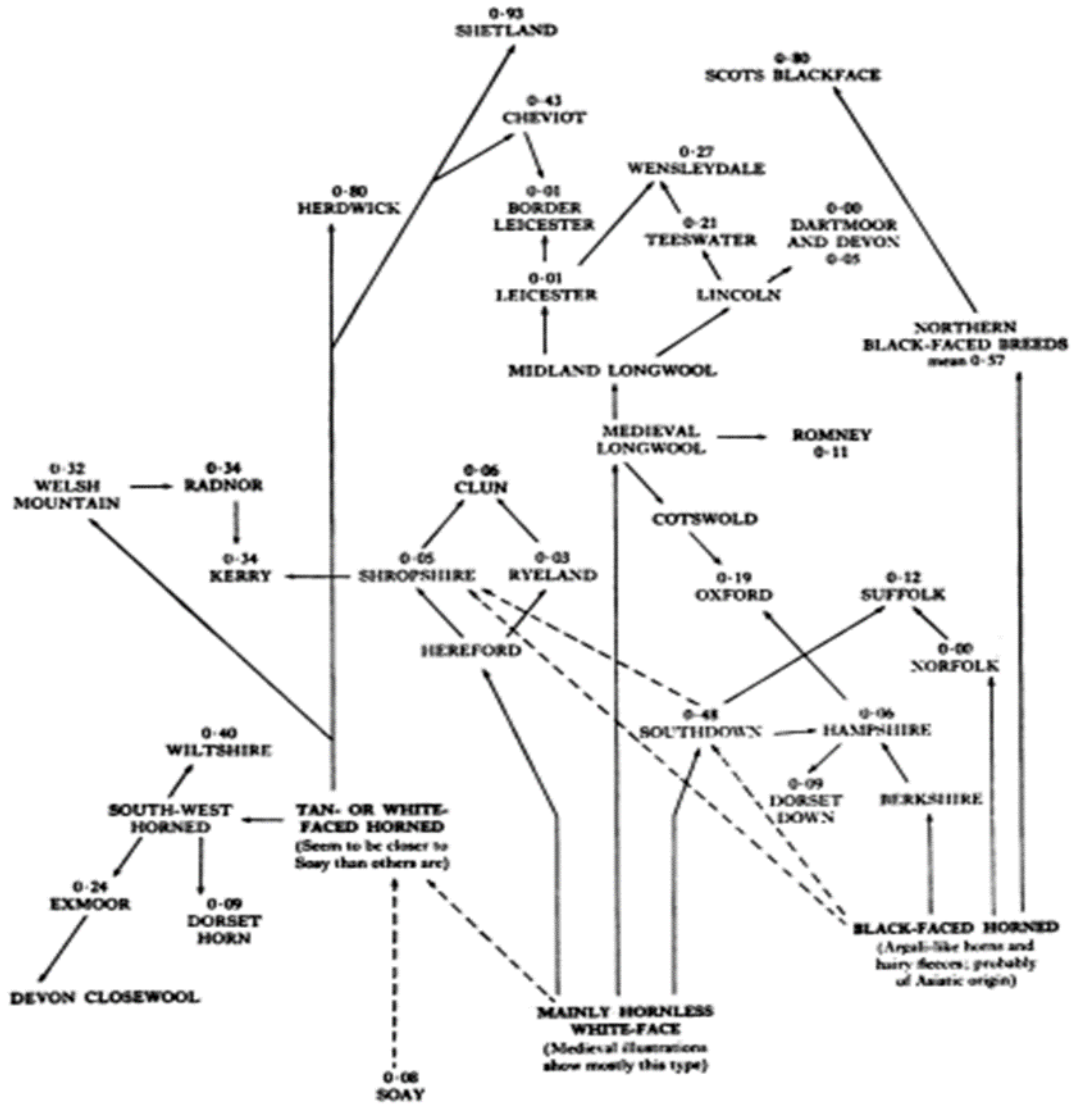


Figure 2: Evolution of British Sheep Breeds.¹⁷

Clearly, Figure 2 identifies the possible relationship and evolution of British sheep breeds. In addition, there are two smaller areas in England, Hereford and Sussex, which are recognized for their growth of fine wool. In Hereford, the sheep became known as the Hereford breed which later was renamed as the Modern Ryeland. In Sussex, England the fine-woolen breed was the Southdown, known as the Down breeds from the late eighteenth

¹⁷M L Ryder, 'The History of Sheep Breeds in Britain,' *Agricultural History Review*; 12, 1, 1964, 15.

century onwards. The Southdown is still noted today for its fine wool. Also, this fleece belongs to the British short wool type. It is not as fine as that of the Merino.¹⁸

At this time, trade and commerce played a vital role in creating the supply and demand for wool. Trade can be identified as the economic activity that involves the buying and the selling of woolen goods between two or more parties. While commerce involves all the activities that aid in promoting the exchange of woolen goods and services from the manufacturer to the customers. Therefore, the wool price inventory lists provide documentary evidence as to sheep type, quantities sold, together with the purchase price. For example, inventory lists from 1343 offer quantities of wool purchased at high prices. Also, they record some of the finest wool from the Welsh Border. In the inventory list of 1454, some of the most expensive wool comes from Leominster in Herefordshire. It is also related to the Ryeland breed.¹⁹ As seen in Figure 2, historically the Ryeland breed was also known as the Hereford breed. As a result, this area had a reputation for fine wool up to and including the 1800s. However, Hereford also grew coarser wool during the Middle Ages which was not as successful and did not receive a very high price. This particular sheep breed does not have horns but it has a white face as seen in many medieval paintings.²⁰

As well as that, in 1454, the highest priced wools occurred in the English Cotswold and Lincoln wools. These were very shiny wools that were shorter and finer than the fleeces previously made. In comparison, Canterbury wools from Kent and Sussex were priced very

¹⁸E Lipson, *A Short History of Wool and its Manufacture*, (Cambridge, Massachusetts; Harvard University Press, 1953), 205.

¹⁹D Postles, 'Fleece weights and the wool supply, c 1250-c 1350', *Textile History*; 12, 1981, 96.

²⁰E Power, *The Wool Trade in English Medieval History*, (Oxford University Press, 1941), 128.

low as they were not of good quality. The export of 'Canterbury' fleeces from the middle of the thirteenth century suggests a link between the Midland long wool and the Romney as documented in Figure 3. Elsewhere, the wool in English Kent and Sussex was of average price. Eventually, the area of Suffolk is where the fine-fleeced Southdown breed would emerge.²¹ However, by the end of the fourteenth century England's the wool-trade was starting to decline due to volatility. There were many factors that emerged such as war, (hundred years' war with France 1337–1360 and 1415–1453), taxation policies, export and import duties together with total bans on goods were some of the causes that contributed to England's decline in wool revenues. In addition, disease such as the Black Death (1347-1351) and famines such as the Great Famine (1315–1317) played a significant role in halting trade throughout Europe. Also, the level of competition with European merchants for English wool intensified due in part to the monopolization of merchant guilds.²²

In particular, merchants' associations or guilds became very well organized during this time frame. They were legalized and recognized by their town governments. These merchant associations, or guilds, were involved in regulating and protecting their members' commerce, both in long-distance trade and in any activities that protected the town's residents. Guilds came to control the distribution and sale of wool. They successfully achieved a monopoly over local commerce.²³

In addition, the agricultural land in the Middle Ages came under the control of Feudalism. It was usually organized into manors where the Lord and his family resided. He

²¹E Power, *The Wool Trade in English Medieval History*, 128.

²²D Postles, 'Fleece weights and the wool supply, c 1250-c 1350', *Textile History*; 12, 1981, 96.

²³E Power, *The Wool Trade in English Medieval History*, 128.

was responsible for the well-being of his tenants living on the land. The manor incorporated many hundreds of acres of land. It was self-contained and housed a manor house, parish church, mill, small village, cultivated land, fallow land, woods and pastures. In England, land practices included an open-field system. There were no fences between different farmers. In England, three patterns of cultivation emerged within the open-field systems.

First, the arable land was divided into three fields. Two fields were cultivated by sowing crops. The other field was left fallow every year. As a result, crops were rotated between the three fields each year. This allowed the fallow field to recover its nutrients. When the field was not dedicated to crops, it was utilized for livestock. In England, the enclosure movement did not begin until 1450 with the goal of increasing the amount of full-time pasturage available to manorial lords.²⁴

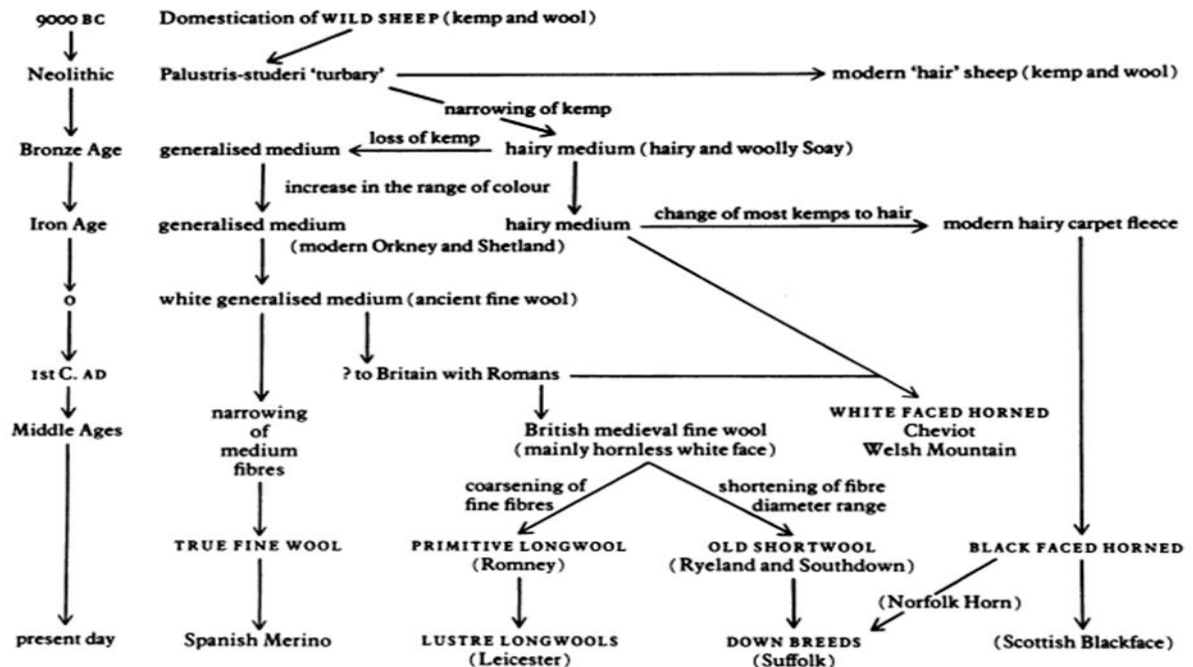


Figure 3: Evolution of Fleece and Main Breed Types.²⁵

²⁴D Postles, 'Fleece weights and the wool supply, c 1250-c 1350', *Textile History*; 12, 1981, 96.

²⁵E Power, *The Wool Trade in English Medieval History*, 128.

According to P. J. Bowden, historian and economist, the increased supply of long wool during the sixteenth and seventeenth centuries was as a result of improved pastures within enclosures.²⁶ Nutrition alone could not produce long wool from short wool. Biologists have interpreted the historical evidence as allowing larger wool sheep to be housed in enclosures. In addition, enclosures did allow for sheep that were not up to the best standard to be kept separate from the main flock so that selective breeding could be managed. Luster long wools were popular and originated from a mutant known as the Romney class as seen in Figure 3. Interestingly, this particular shiny mutant has been recognized in the fine-woolen merino breed of sheep in Australia.²⁷

How did the agricultural revolution together with the industrial revolution in Great Britain effect the woolen industry? Between the sixteenth and nineteenth century, British agriculture underwent a ‘revolutionary’ transformation. There has been extensive research and agreement of agricultural developments around industrialization and population growth. However, historians do concur that the increase in British agricultural productivity between 1550 and 1880 was the result of major structural and technological innovations. Examples of these include the enclosure of open fields and commons, the adoption of new field rotation systems, greater utilization of soil conditioners together with fertilizers and the improvement of livestock through selective breeding.²⁸

In particular, economist S. N. Broadberry advised that farmers could expand or reduce

²⁶P J Bowden, *The Wool Trade in Tudor and Stuart England*, (Cambridge University Press, 1962), 242.

²⁷M L Ryder, 'The History of Sheep Breeds in Britain,' *Agricultural History Review*; 12, 1, 1964, 28.

²⁸S N Broadberry, *British Economic Growth, 1270-1870*, (Cambridge; Cambridge University Press, 2015), 222.

their output and change its composition when necessary. In addition, they could raise or lower the degree of production based on changes during the demand cycle. Table 1.7 offers a summary of the agricultural output and productivity between the years of 1270 and 1860. Agricultural output decreased during the Black Death as there were less people to feed. In contrast, Table 1.7 suggests an expansion of growth in the woolen industry. Wool yields continued to rise up through the eighteenth century due to the high demand for wools.²⁹

Table 1.7: Summary trends in agricultural output and productivity, 1270s–1860s (1300s = 100)

	Livestock units	Milk yields	Meat yields	Wool yields	Livestock share of output	Total agricultural output
B. Livestock						
1270s	86	99	99	110	92	93
1300s	100	100	100	100	100	100
1350s	90	111	107	122	139	76
1400s	69	124	115	101	126	67
1450s	65	137	123	84	140	70
1500s	ND	ND	ND	ND	ND	77
1550s	63	171	142	111	118	84
1600s	70	199	159	127	123	124
1650s	65	231	180	147	107	154
1700s	72	269	205	170	115	167
1750s	91	314	235	197	135	206
1800s	127	365	268	228	163	336
1850s	161	425	306	265	166	509
1860s	175	440	315	274	166	560

S N Broadberry, *British Economic Growth, 1270-1870*, (Cambridge; Cambridge University Press, 2015), 222.³⁰

²⁹S N Broadberry, *British Economic Growth, 1270-1870*, 222.

³⁰S N Broadberry, *British Economic Growth, 1270-1870*, 222.

Furthermore, in Britain, the Agricultural Revolution did help bring about the Industrial Revolution through innovations and inventions that altered how the farming process worked. These new processes in turn created a decline in the vigor of the work and the number of agricultural laborers needed. Because of the decline in the need for agricultural workers, many chose to work in industrial jobs, which spurred the Industrial Revolution forward.³¹ In Great Britain, up until the middle of the eighteenth century the wool manufacturing industry was mainly a domestic one. However, with the invention of the spinning machine this allowed business owners such as Hargreaves, Kay, Arkwright and Crompton the opportunity to develop a large-scale industry that would revolutionize the woolen industry. In spite of all the woolen industries created, England's domestic wool production would not be sufficient to fulfil the population needs. As a result, by the end of the eighteenth-century wool began to be imported from Spain, and at the beginning of the nineteenth century from Germany. During the nineteenth century the wool manufacturing industry of the West Riding of Yorkshire reached its full development, while the Scottish and the West of England industries became noted for specialized types of production. Additional wool was required, and in the nineteenth century Britain began to rely on Australia for the produce of fine wool.³²

What drove the Australian woolen industry in the colony? In 1797, Captain John Macarthur began the foundation of the Australian sheep industry by purchasing three rams and five ewes from Captain Waterhouse. Previously, Captain Waterhouse had purchased these animals from Colonel Gordon's merino stud at Cape Town in Africa. By 1804, Macarthur had

³¹J D Chambers, G E Mingay, *The Agricultural Revolution; 1750–1880*, (London: B. T. Batsford; 1966), 222.

³²A Foster du Plessis, "WOOL—THE WARP AND WOOF OF THE BRITISH COMMONWEALTH OF NATIONS," *Journal of the Royal Society of Arts*, vol 89, no 4594, 1941, 589–603.

taken samples of his fine wool from Australia to London to be examined and reviewed. It was such a success that he returned to Australia with the commitment to grow the finest merino wool in Australia that would be better than any fine wool produced in Spain. This commitment to producing the finest merino wool in Australia earned Macarthur three gold medals from the Society of Arts for the quantity and quality of the wool exported to London, England. In addition, Australia offered disease free farming land that allowed sheep to prosper in comparison to the Dutch and British settlers in South Africa whose sheep were exposed to terrible animal diseases. In Australia, sheep farming continued to grow. From just a small purchase of a few thousand sheep in 1820, the numbers increased to 60 million in 1880 and 107 million in 1890.³³

Subsequently, in Australia, the practice of wool production evolved over time quite differently in comparison to Britain. Initially, in Australia, there was a lot of trial and error in order to get the right mix of sheep and to locate the most suitable land for grazing in Australia. First, with regard to breeding sheep and fencing, Australian sheep farmers were able to refer to learned classifications of sheep, global genetic stock, and most importantly technological advancements. For example, due to long travel distances between Britain and Australia, the discovery of refrigeration helped keep products in a healthy condition. Second, most of the Australian sheep farmers were British subjects. Third, Britain was one of the worlds advanced economy. Fourth, Australian sheep farmers were well versed on the Industrial Revolution as it had originated in England. Finally, although Australia was a late participant in entering the Industrial Revolution, it had the benefit of the experience learned from earlier technological development which allowed them to offer a better woolen product.

³³A Foster du Plessis, "WOOL—THE WARP AND WOOF OF THE BRITISH COMMONWEALTH OF NATIONS," *Journal of the Royal Society of Arts*, vol 89, no 4594, 1941, 591.

Furthermore, in Australia land and natural grasses were plentiful than in Britain. Australia offered a climate very favorable to the production of wool in comparison to Britain which offered constant rain. An important learned development was washing the sheep before shearing. This allowed wool to be more marketable in England. Transport costs could be reduced as grease, dirt, grass seeds, twigs and burrs were removed. As a result, Australian wool could compete successfully with European producers. Also, in Australia fences encouraged selective breeding, disease control and improved the quality and quantity of wool. In addition, Macarthur was aware of the domestic turmoil within Britain against the woolen factory owners, which in turn opened up opportunities for Macarthur to export greater quantities of wool to England. For the fifty years prior, 1790 to 1840, Britain was plagued by social, political and industrial unrest. As can be seen in the 1812 Yorkshire's devastating events associated with the Luddites. Who were the Luddites? Why had they become so violent? How had the Luddites disrupted both domestic and international trade?

Without a doubt, wars had halted trade considerably. This meant that there was lower wages and unemployment for many workers such as the Luddites. The Luddites were weavers and textile workers who objected to automated technology in the looms and knitting frames. Consequently, the Luddites would disrupt both domestic and international trade. For example, in 1811 Ned Ludd was recognized as a leader during a Nottingham protest. As a result, Ludd would lead many actions against factory owners causing severe damage to property. Undoubtedly, from 1811 to 1816, Luddites aim was to violently destroy all machines that they thought had taken or threatened their jobs or livelihoods. In addition, they burnt down factories, and they attacked the private property of factory owners. As previously mentioned, Luddites were not in favor of automated textile equipment which was becoming very popular.

According to Luddites, this technology allowed skilled workers to be replaced by cheaper and less skilled workers. In addition, these concerns were connected to the lengthy wars with France and an economic crisis which was putting people out of work and raising food prices. At this time, parliament and government institutions were still run by the aristocracy and the wealthy who were out of touch with the daily lives of the public. This became evident by 1812 when rioters in Great Britain, within counties such as Cheshire, Lancashire, Leicestershire, Derbyshire, and the West Riding of Yorkshire began to destroy power cotton looms and wool shearing machines. Because of these constant protests, the supply of wool was curtailed.³⁴

In particular, William Horsfall is an example of an English woolen textile manufacturer in Marsden, Huddersfield in England, who supported the advancement of new machinery. Also, he was in favor of reducing the need for labor. As a result, Horsfall was eager to replace men with machinery. Due to Horsfall's successes, he had become very wealthy. In particular, Horsfall was very outspoken in his personal opinions and in his hatred of the Luddites. As well as that, he had made himself and his factory an easy target for the Luddites.

As a result, on April 28th 1812, Horsfall was traveling on horseback from Marsden to Huddersfield where the weekly market was being held. Much of the local market business involved the textiles that were made locally. Horsfall made this journey weekly. His route was well known to the community. As Horsfall was approaching the plantation on horseback, he was fatally shot by the Luddites. Up to this point, the townspeople had been quietly supporting the Luddites. However, they could no longer support murder.³⁵

³⁴Kevin Binfield, *Writings of the Luddites*, (Baltimore; Johns Hopkins UP, 2004, 2015), 310.

³⁵William Horsfall, *William Horsfall's Last Journey: A Luddite History Trail from Huddersfield to Milnsbridge*, Meltham: The Carlile Institute, University of Huddersfield, 2015; This flyer was produced in

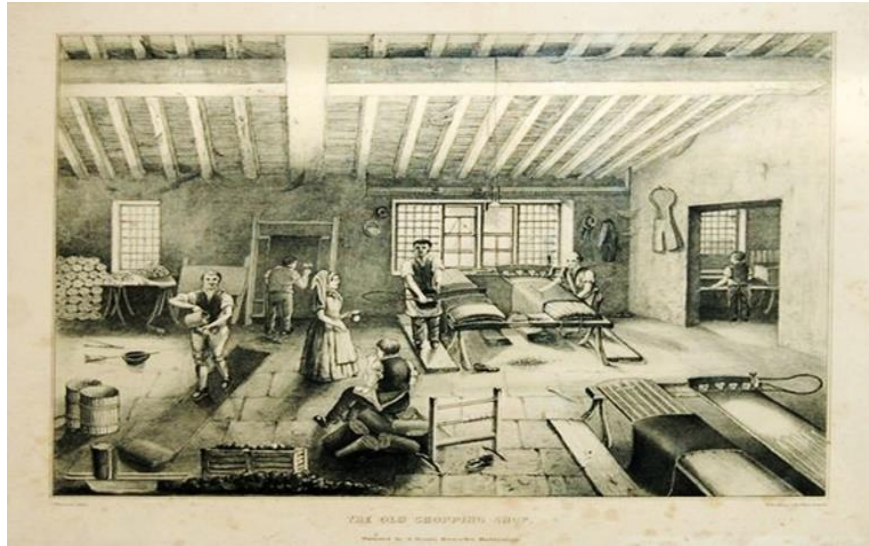


Figure 4: Cropping Shop

Also changes in the English wool supply had evolved over many centuries. Consequently, it had become a long drawn out process. Enclosure did continue to be present in the English Midlands countryside and this allowed for the best wool to be selected to be able to take to market. In addition, new research became available in the eighteenth century that opened up an avenue for discussion on the question of good nutrition for sheep and other livestock. This resulted in better feeding patterns for the sheep and it created a higher quality of wool product. For example, improving root crops and the long-woolled Leicester breed of sheep by Bakewell and others, offered increased impetus towards the production of long-staple wool. As a result, the middleman of the wool trade became more permanent and more specialized. Second, it led to changes in the distribution of English wool and allowed for an

collaboration between Huddersfield Local History Society and students from the University of Huddersfield's History in the Community module; It was created as a contribution to the 2012 commemoration of the bi-centenary of the Yorkshire Luddites.

increase in the import of wool from Spain. Finally, it made a permanent influence on the development of the English wool textile industry which would be passed down from generation to generation.³⁶

Consequently, many generations who were British subjects would emigrate to the new colony of Australia. They would bring with them all the techniques and knowledge that they had learnt in England in order to develop a woolen industry in Australia. Furthermore, there is a definite correlation between the sheep farmers in Australia that came out from Britain and the sheep farmers in Britain. Because of this, they had been thoroughly indoctrinated into British sheep farming, classification of sheep breeds, and sheep breeding practices.

Subsequently, the pioneer wool growers founded the Australian colonial staple industry through their combined ability to ascertain technical information from market contracts individually. They were able to consolidate such techniques by the social initiatives they pursued. Realization of the benefits of wool-growing techniques depended on the development of wool marketing, which encouraged a proliferation of smaller, specialist wool growers. Consolidating competitive sources of colonial fine wool through breeding was of great importance since the functional differentiation of wool growing and wool marketing was decisive in establishing a viable staple industry. This differentiation marked the end of the pioneer phase and the emergence of a distinct colonial merchant class. Although merchants were not new to settler society, the division of productive and commercial activities associated

³⁶Eric Kerridge and R Trow-Smith, "English Husbandry," *The Economic History Review*; 4; 3, 1952, 58.

with the wool industry enhanced the conditions for their capital accumulation.³⁷

Consequently, Colonial traders began to prosper in the 1800s, when commercial importing was freed from the grip of the officer monopoly. To create and sustain a source of credit to finance imports, the colonial merchants sought to establish a staple commodity for export. In addition to the use of pork and sandalwood to create a Pacific trade, sealing proved the most beneficial temporary export staple.³⁸ This was because it established commercial links with London, the source of regular import goods, and it fostered the development of credit facilities in London for large colonial merchants.³⁹

Whereas free merchants had access to London agents so that their enterprise was primarily in foreign trade, emancipist merchants such as Simeon Lord were forced to spread their enterprise into shipping and colonial manufacturing.⁴⁰ Such diversification (including land acquisition) marked an early and significant voicing of merchant capital or by-commodity production in the colonial economy.⁴¹ Historically, the settler merchant's survival and prosperity would depend on his ability to promote commodity production, rather than just commodity exchange.⁴²

³⁷R M Hartwell, *Australia's First Trade Cycle*, (Melbourne; Melbourne University Press, 1956), 56.

³⁸D B Hainsworth, *Builders and Adventurers, The Traders and the Emergence of the Colony, 1788-1821*, (Melbourne; Cassell Australia, 1968), 70.

³⁹N G Butlin, *Growth in a Trading World; The Australian Economy, Heavily Disguised*, *Business Archives and History* (BAH), vol 4, Cambridge; Cambridge [England] University Press, 1964.

⁴⁰Alan Frost, *Convicts & Empire*, (Melbourne; Oxford University Press, 1980), 240.

⁴¹Crauford D W Goodwin, *The Image of Australia; British Perception of the Australian Economy from the Eighteenth to the Twentieth Century*, (Durham, NC; Duke University Press, 1974), 659.

⁴²D S MacMillan, *The Debtor's War; Scottish Capitalists and the Economic Crisis in Australia, 1841-1846*, (Melbourne: Cheshire Publishing Pty, Ltd, 1967), 207.

Also, wool marketing could be basically classified by two basic methods. On the one hand, large pastoralists continued to consign their wool clip to London to be marketed by selling agents. This method relied on direct contact between grower and seller. On the other hand, smaller wool growers, who were unable to finance their activities during the long time needed for realization of their capital (transshipment to London markets), sold wool to local merchants for immediate returns. Local merchants operated through credit arrangements with London-based mercantile houses, which made advances on anticipation of delivery of the wool clip.⁴³

Furthermore, merchants (particularly the factors working for British firms) also advanced credit to the producer to gain access to the wool clip and to gain the interest. The most significant development in the 1820's was the establishment of the marketing connection to facilitate the inflow of credit (money capital) in exchange for the commodity (wool). Each form of capital flowed in the opposite direction, thereby promoting regular production and reproduction of pastoral capital. This marketing framework, based on the enterprise of merchant capital, was strengthened during the depression of the late 1820's.⁴⁴

However, in 1824, insolvent colonial merchants were unable to advance loans to pastoralists. They were affected by the halving of wool prices following the financial squeeze and reduction of British duties on wool imports from the Continent. The wool price slump especially affected pastoralists who had invested in flocks during the preceding boom, resulting in the culling of colonial flocks. The depression

⁴³C E W Bean, *On The Wool Track*, (Sydney; Angus & Robertson Ltd, 1963), 152.

⁴⁴W A Ashworth, *A Short History of the International Economy*, (London; Longmans, 1954), 331.

of the 1820's clearly revealed the growing integration of the colonial and metropolitan economics, in which wool exports and capital inflow from Britain rose and fell together.⁴⁵

Due to this commercial depression, two significant trends developed in the wool trade. First, the status of the merchants as an intermediary in the wool trade grew. As wool was previously consigned directly to London agents, the shortage of credit in London compelled the wool growers to sell locally to merchants.⁴⁶ The lack of alternative financial institutions to supply credit (the first colonial banks were not prepared to lend to producers) reinforced this producer- merchant relationship. And secondly, the position of the fine-wool breeder was improved. This was due to the tendency for fine-wool prices to be sustained through the slump, at least at a sufficient level to promote specialization in fine-wool growing. This, together with culling, caused a general improvement in the Australian colonial flock standards during the latter years of the 1820s. It was enhanced by the capital investment of large pastoralists in stock imports. Wool prices undermined the coarser wool growers in Britain. As a result, the competitive position of Australia's fine-wool growing was advanced in the world market.⁴⁷

In addition, pastoral capital was further concentrated among the large fine-wool growers. These pastoralists anchored the expansion of pastoralism in the 1830s by providing a pool of fine-woolen sheep as a means of production for newcomer

⁴⁵R M Hartwell, *Australia's First Trade Cycle*, (Melbourne; Melbourne University Press, 1956), 56.

⁴⁶Jill Ker, *The Wool Industry in New South Wales, 1803-1830*, (RAHS, 1962), 42.

⁴⁷Jill Ker, *The Wool Industry in New South Wales, 1803-1830*, 42.

pastoralists.⁴⁸ The area around Goulburn was ideally suited to raising sheep as Goulburn had a mild climate with large areas of natural grasslands. In the 1820s, the Goulburn District found itself on the edge of the pastoral settlement.

One example of a free settler was William Faithful who arrived in Goulburn in order to build his farm, Springfield, in the winter of 1828. In the same year that Faithful took up Springfield, Governor Darling noted the great promise of the Australian wool industry. Evidence of this claim can be found in Governor Darling's discussion with the Right Honorable W. Huskisson on the 10 April 1828 in which several key points on the Australian colony were recorded. One there was an unlimited amount of land that had not been granted. Two, there was an abundance of good natural grasses. Three, there was a very favorable climate for the production of wool. Four, convicts were available to work on the land. Five, it would be very expensive to cultivate the land and to attract sheep farmers. Six, there were many investors with large amounts of capital who were attracted to the Australian colony and were eager to fund sheep grazing in the colony.⁴⁹

In addition, Australian wool producer, James Macarthur documented in his assessment of the London wool market in 1829 that the quantity of the Spanish wool had been greatly reduced. Macarthur compared Spanish wool to Germany and Australia. He confirmed that Spain has not kept up with the new advancements such as offering better care and improving sheep breeding. As a result, Spanish wool had lost

⁴⁸Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 70.

⁴⁹David Clune, *The Governors of New South Wales 1788-2010*, (Federation Press, 2009), 150.

its place in the market share.⁵⁰

Moreover, the type and quality of colonial wool, as a successful competitor in the London market, had to conform to the developing needs of capitalist production in the British textile industry. The precondition of colonial wools success was the displacement of British wools, partly because of the outcome of political conflict where the urban commercial classes and their landed rivals, who sought to sustain their privileges by fettering the wool trade. The success of the wool manufactures and merchants in defeating the British wool growers opened the London market to colonial wools. This resulted in the expanding market for colonial wools displaced European rivals.

Also, marketing successfully can be a competitive process and it was accomplished in the wool trade by an increasingly coherent pastoral interest in Australia. Once the value of this colonial resource for both the metropolitan and the colonial economy was recognized, then the British government would support the sheep farmers with land grants and convict labor. Breeding was the primary way of competing with European wools. At this time, it was the basic form of technical change in sheep farming.

⁵⁰Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 56.

Table 1.8: Bales of Wool Imported to Britain 1810-1850

Source	<u>1810</u>		<u>1830</u>		<u>1840</u>		<u>1850</u>	
	Bales	%	Bales	%	Bales	%	Bales	%
Australia	83	3.8	8,003	8.1	41,015	22.0	137,177	47.0
Germany	2,221	8.0	74,496	75.8	63,278	33.9	30,491	10.6
Spain	19,748	80.0	10,537	11.0	6,842	3.8	9,466	3.4
Others	3,192	8.2	5,782	5.0	74,934	0.3	114,027	39.0
Totals	25,244	100.0	98,818	100.0	186,079	100.0	291,161	100.0

S. H. Roberts: *The Squatting Age in Australia 1835-1847*. (Melbourne University Press, 1970), 45.⁵¹

As well as that, the pioneer pastoralists competed directly with foreign wool growers. Britain wanted to increase its colonial wool production through the creation of the Australian Agricultural Company (AAC).⁵² Evidence of this can be observed in the British government's dispatch to Governor Brisbane on July 13, 1824.⁵³ The dispatch confirmed that King George IV of Great Britain was very much in favor of the formation of the Australian Agricultural Company. With a royal seal of approval together with the

⁵¹Stephen Roberts, *The Squatting Age in Australia 1835-1847*, (Singapore; Melbourne University Press, 1970,) 45.

⁵²Sir William Edward Parry, *Commissioner Australian Agriculture Company 1790-1855 Letters; Correspondence*, Australian National Press, 304; Phillip Parker King, *Correspondence: The Peel River and Liverpool Plains Land Grants*, R. Munn & Co, 1837, (Letter addressed to Honorable E D Thompson).

⁵³Thomas Brisbane, *Papers of Sir Thomas Brisbane, 1815 – 1858*, Special Collections Manuscript, Collection No MS 4036, National Library of Australia.

British government, investors with large amounts of capital were encouraged to support the AAC. In turn, this would promote the Australian economy into increasing the production of wool which could then be converted into a valuable commodity for export.⁵⁴

Also, the Royal charter incorporated the Australian Agricultural Company in that year. British investors raised capital in England of one million pounds from ten thousand shares valued at ten pounds each.⁵⁵ A Court of Directors was appointed and a colonial committee to advise. This committee had control of expenditure and the appointed agent was to answer to them. They were to select the most advantageous site for the million-acre Grant. The Company's main purpose was the production of fine wool with the addition of crops not readily available in England. They would provide workers for the Colony at no cost to the Government. In addition, they would hire a large number of convicts. The majority of convicts that were sent to Australia had been sentenced for petty crimes. Theoretically, convicts were chosen on their ability to be able to carry out hard labor upon arrival in Australia. However, in practice many convicts that were sent to Australia were not physically fit to complete manual labor. The Australian Agricultural Company and other landowners became distressed with the British government since they continued to supply convicts that were not in a position to carry out manual labor. As a result, the Australian Agricultural Company was often left with too few employees to carry out the day to day activities on a sheep farm.

⁵⁴British Parliament, *Act Australian Agricultural Company*, November 1, 1824; Philip McMichael, *Settlers and The Agrarian Question*, 66. Philip McMichael, *Settlers and The Agrarian Question*, (New York: Cambridge University Press, 1984), 66.

⁵⁵Jan Kociumbas, *The Oxford History of Australia; Vol 2, 1770-1860*, (Melbourne; Oxford University Press, 1992), 139.

In addition, the Directors of the Company in England requested that James McArthur, H. H. McArthur and James Bowman assist the new agent Robert Dawson with advice and information as to the most suitable land for the Company's purposes. This was a very large speculative venture. They had received permission from the Colonial Office to select one million acres on a location of its choice.⁵⁶ Large enterprises were always in a position to secure income from a variety of sources. Also, land companies represented a neo-mercantilism imperial commitment to a large-scale capital investment in colonial wool production.⁵⁷

Indeed, choosing a location where all parties involved agreed to a specific location was not an easy task and it proved more difficult than expected. John Oxley, the Surveyor-General, recommended Liverpool Plains which the district had acknowledged in 1818. However, the Committee did not agree with this proposal and it was suggested the Port Stephens would make a better location for the land. However, there were no Europeans living in Port Stephens. Also, it had been argued that the land was not be suitable for sheep farming. On the other hand, in 1770, James Cook had recorded in his log that Port Stephens should be named in honor of Phillip Stephens, who had been the Secretary to the Admiralty.⁵⁸ Importantly, in 1795, the land had been surveyed by Charles Grimes who was the Surveyor-General at that time. Following this, Grimes had given a

⁵⁶D B Hainsworth, *Builders and Adventurers; The Traders and the Emergence of the Colony, 1788-1821*. (Melbourne; Cassell Australia, 1968), 30.

⁵⁷S N Broadberry, *British Economic Growth, 1270-1870*, (Cambridge; Cambridge University Press, 2015), 222.

⁵⁸James Cook, *Endeavour; Australia*, Journal; April 22, 1770.

very unfavorable report to the Secretary of State regarding this land.⁵⁹

In particular, this area became known for escaped convicts from Paramatta or Coal river who had followed the coastline to Port Stephens where they were unable to go any further without a boat. As a result, the authorities set up a station with soldiers in order to apprehend any escaped convicts. Consequently, this area became known as Soldier's Point. Eventually, the station would be abandoned because of its remoteness. Settlers mostly ignored Port Stephens, apart from settlers who were interested in working with cutting down timber such as Daniel Farrell and Patrick Farrell. They were employed by the Sydney Trader, Simeon Lord. Otherwise, there were very few European inhabitants who were interested in living in Port Stephens until the area came to the attention of the Australian Agricultural Company.⁶⁰

Moreover, in 1825, Robert Dawson arrived in the colony with the new title of Commissioner of the Company. He arrived with 79 settlers on the York and the Brothers. Dawson's goal was to examine Port Stephens and the country around Maitland, Luskintyre and Newcastle in order to ascertain if it was suitable for settlement. In 1826 he travelled northward to Port Stephens, and followed the Karuh River.⁶¹ Dawson was determined to find a site for the future settlement. Then Dawson left the settlers at Port Stephens in order to continue setting up the main camp. Dawson returned to Sydney by schooner to collect the remainder of the settlers and the stock which was waiting for him

⁵⁹Charles Grimes, Correspondence; Magistrate and Superintendent of Public Concerns, Parramatta, Colony of New South Wales, 1795 – 1808; Assistant, Surveyor-General, Sydney, Colony of New South Wales 1794-1801.

⁶⁰D B Hainsworth, *Builders and Adventurers; The Traders and the Emergence of the Colony, 1788-1821*. (Melbourne; Cassell Australia, 1968), 30.

⁶¹R L Ford, *Williams River; the Land and its People 1800 -1900*, 1995, 296.

at Retreat Farm. While Dawson was in Sydney, Mr. Harrington, (secretary of the Company), Henry Dangar, (Government Surveyor) and John Armstrong, (Company surveyor), explored the country outside of the harbor. Subsequently, they returned with a very favorable report. Within five months, a very large settlement had been created. By the October of that year, one thousand head of cattle and two thousand sheep were stationed on the lands.⁶²

However, under Dawson's management the Australian Agricultural Company was not content with his progress. He was then relieved of his duties and replaced by James E. Ebsworth. By 1828, sheep grazing on the lands had risen to 17,459 which had been a huge increase over the three years previously. In addition, the population had increased to 600. Farms and gardens had been established to provide food for the people. By the time Dawson was forced to leave Port Stephens, he had established twenty-three stations. Also, there was a lumber camp in Booral, Queensland together with additional buildings and a wharf. These properties were all connected by roads to allow easy access to market.⁶³

The settlement of Port Stephens was now under the strict control of Sir William Edward Parry, who had been a Captain in the Royal Navy and an Arctic explorer. There was great activity in building, clearing and road making. Fortunately, in 1831, while Parry was in Sydney, he was introduced to Hamilton C. Sempill. As a result, Sempill informed Parry of the location of some excellent land at Liverpool Plains that would be

⁶²Pioneers Australia, Correspondence 1832-1834, (Canberra, Australian National Press), 304.

⁶³Sir William Edward Parry, *Commissioner Australian Agriculture Company 1790-1855*, Letters; Correspondence, Australian National Press, 304.

most suitable for sheep breeding. At that point, Parry decided to send Henry Dangar, the land surveyor for the Australian Agricultural Company, to search for more land that would qualify for the land grants that were given to the company. Dangar was very successful in this endeavor.⁶⁴

As a result, in March 1832, Parry had left Port Stephens in order to travel through the Hunter Valley with Dangar, Charles Hall and William Telfer in order to examine the land that Dangar had found at the Peel Valley and Liverpool Plains. (Figure 5) This particular group traveled to Peel Valley through Maitland, Glendon, Ravensworth, Segenhoe and crossed into the Liverpool Range. Then, they traveled on to Warrah, Goonoo Goonoo, Quirindi, and Currabubula. The group was met by Joseph Brown and his overseer, Mr. Cann who assisted them in exploring the Naomi River and the surrounding area. Eventually, they returned to Port Stephens.⁶⁵

⁶⁴Parry, *Commissioner Australian Agriculture Company 1790-1855*, Letters; Correspondence. Australian National Press, 304.

⁶⁵Parry, *Commissioner Australian Agriculture Company 1790-1855*, Letters; Correspondence, Australian National Press, 304.

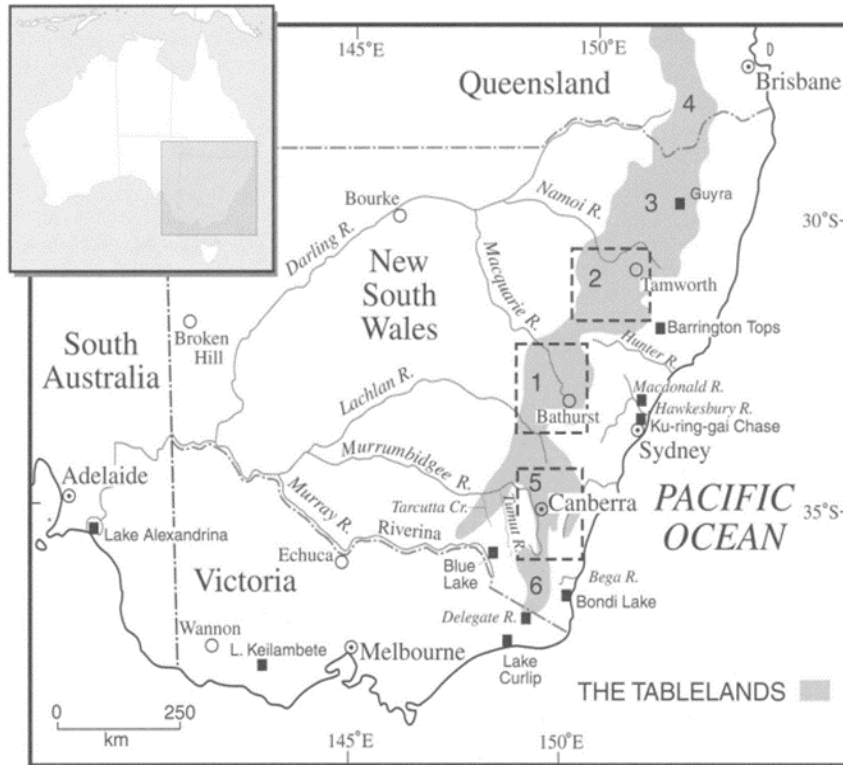


Figure 5: *The Tablelands of southeastern Australia*. 1. Central Tablelands; 2. Liverpool Plains; 3. New England Tablelands; 4. Warwick Downs; 5. Southern Tablelands; 6. Monaro.⁶⁶

In particular, Figure 5 identifies *The Tablelands of New South Wales* and indicates the location of Liverpool Plains which lays in-between the Naomi River and the Hunter River. The Liverpool Plains area is very common for the woodland regions in south-east Australia. Also, one will find rich fertile soils in this area which has the capability of storing a lot of water that is good for crops and animals. Most of the six hundred and twenty millimeters of rainfall the area experiences each year is very heavy and usually occurs in the warmer months, from October through March. In 1818, John Oxley who was the Surveyor-General, had recommended Liverpool Plains to the Company but his

⁶⁶Karl W Butzer, and David M Helgren, *Livestock, Land Cover, and Environmental History: The Tablelands of New South Wales, Australia, 1820-1920*, *Annals of the Association of American Geographers*, Vol 95, No 1, Taylor & Francis, Ltd, 2005, 80-111.

suggestion was not accepted until 1833.⁶⁷

In addition, the officers of the Australian Agricultural Company in Port Stephens were constantly inter-changing. Parry encountered many difficult situations at Port Stephens such as recalcitrant convicts, idle indentured servants, bushrangers, and floods. In contrast, by August 1833, Parry had arranged for the land at Port Stephens to be exchanged for land approved by the land grant in the Liverpool Ranges and Peel Valley which offered excellent pasture for sheep grazing. As a result, six thousand sheep were relocated to the Pell grant. Consequently, the Australian Agricultural Company began creating a permanent settlement which included houses and stores for both freemen and convicts.⁶⁸

Furthermore, Parry completed a written report of his findings for the Australian Agricultural Company. Mr. Ebsworth presented this report at the annual meeting in June 1835. As a result, the shareholders learned the lands that had been chosen to graze sheep and cattle. Flocks of sheep had already been placed on the chosen lands. For example, these new land locations at Liverpool Plains totaled 250,000 acres, Peel's River of 310,000 acres, and together with the land at Port Stephens made a total of 640,000 acres. The Australian Agricultural Company's new commissioner, Lieutenant Colonel Henry Dumaresq, was very much in favor of the lands chosen. Peel's River was much more suitable for sheep and the Liverpool Plains also housed the company's cattle. Impressively, the stock of sheep belonging to the company had increased considerably. It

⁶⁷Karl W Butzer, and David M Helgren, *Livestock, Land Cover, and Environmental History: The Tablelands of New South Wales, Australia, 1820-1920*, *Annals of the Association of American Geographers*, Vol 95, No 1, Taylor & Francis, Ltd, 2005, 80-111.

⁶⁸Parry, *Commissioner Australian Agriculture Company 1790-1855*, Letters; Correspondence, Australian National Press, 304.

now included French Merinos 4,940, Saxon Merinos 2,866, Anglo Merinos 155, and improved colonial sheep of 27,257.⁶⁹



Figure 6: J. C. Willis, Tamworth, Peel's River, not before 1845.⁷⁰

Consequently by 1838, the Australian Agricultural Company had established a station on the Peel River.⁷¹ The objective was to increase the number of sheep and become one of the world's leaders in wool produced. A new Commissioner of the Australian Agricultural Company was nominated, Phillip Parker King, R. N. He was appointed in 1839 and he succeeded James Ebsworth who had taken over temporarily due

⁶⁹P A Pemberton, *Pure Merinos and Others*, (Canberra, ANU, 1986), 126.

⁷⁰J C Willis, *Tamworth, Peel's River*, not before 1845, NSW State Library.

⁷¹Phillip Parker King, *Narrative of a Survey of the Intertropical and Western Coasts of Australia, Performed Between the Years 1818 and 1822; With an Appendix Containing Various Subjects Relating to Hydrography and Natural History*, Place of publication and publisher not identified, 2012.

to the death of Henry Dumaresq in 1838. At this time, wool began to be moved by bullock carts (drays) to Port Stephens where they could then be shipped to England to market.

Also transporting wool and other goods by Bullock carts (drays) was not an easy form of transport. Captain King had introduced mules from South America as they were experienced in carrying heavy loads on mountain roads. Although, mules were used in this capacity for a number of years, it proved to be an unsuccessful endeavor in transporting goods.⁷² Interestingly, a number of these mules were supplied to the explorer Ludwig Leichhardt, a German Naturalist explorer, on his expedition in 1847, which left from Stroud, NSW Australia.⁷³



Figure 7: Phillip Parker King - album of drawings and engravings, 1802-1902⁷⁴

⁷²Phillip Parker King, *Narrative of a Survey of the Intertropical and Western Coasts of Australia, Performed Between the Years 1818 and 1822 With an Appendix Containing Various Subjects Relating to Hydrography and Natural History*. Place of publication not identified: publisher not identified, 2012.

⁷³Phillip Parker King, *Correspondence; The Peel River and Liverpool Plains Land Grants*, (R. Munn & Co., 1837).

⁷⁴Phillip Parker King, *Album of Drawings and Engravings, 1802-1902*, 1802.

Up to this time, Captain King had experienced many hardships similar to his predecessors. The depression of 1840s occurred during his role as Commissioner. Stock dropped in value and it was difficult to sell. Severe drought destroyed eighty acres of wheat in the towns of Stroud and Booral, Qld. In addition, King found it difficult to secure labor for pastoral work such as overseeing sheep. One hundred Irishmen were sent out by the Australian Agricultural Company. However, they proved to be unfit for the work that had been agreed.⁷⁵ In contrast, Scottish shepherds proved very effective.⁷⁶

Inevitably, convicts became the company's main source of employee. In addition, company employment was also secured from aborigines and indentured servants who were on a seven-year contract. Consequently, the Australia Agriculture Company attempted to exploit convict labor to generate a profit. When the supply of convicts was facing potential limits in the mid-1830s, company directors attempted to source convicts from the city of Hamburg and other areas.⁷⁷

In addition, the *Maitland Mercury* reported on the census taken of those employed by Australian Agricultural company at Port Stephens. Based on the census period of 1841 and the census of 1846, the number of employees for the Australia Agriculture Company had decreased from 633 to 532.⁷⁸ Convicts and indentured servants who had completed

⁷⁵John Perkins, "Convict labor and the Australian Agricultural Company"; In Nicholas, Stephen (ed), *The Convict Workers*, (Cambridge University Press, 1988), 167–168.

⁷⁶Perkins, "Convict labor and the Australian Agricultural Company"; In Nicholas, Stephen (ed), *The Convict Workers*, (Cambridge University Press, 1988), 167–168.

⁷⁷Perkins, "Convict labor and the Australian Agricultural Company"; In Nicholas, Stephen (ed), *The Convict Workers*, (Cambridge University Press, 1988), 167–168.

⁷⁸*Maitland Mercury Newspaper* Index People, Subjects & Districts Vol 4 1846 – AAC Employment.

their sentences were now free to work in employment of their choice. Hence, the reduction in the number of employees for the company. However, the free population has increased from 308 to 443.⁷⁹ At that time, one hundred and sixty-seven houses had been built by the company to house the employee population. In 1847 the Company had an inventory stock of 125,815 sheep.

However, due to deteriorating conditions in that year from casualties, diseases, and accidents, 4207 sheep had been killed, 5143 were utilized for tallow and others that were sold, the end result was that the company was left with 94,962 sheep. By the end of 1847 the total number of men employed by the Company was 472. Therefore, the data collated by the census confirms the reduction of employed men. However, it is noted that female workers had doubled in numbers compared to men workers. Also, during this period, the number of free settlers who had arrived in Australia had increased in comparison to the arrival of convicts. This was in part due to the many famines that had erupted in Europe which would have spurred immigration. Australia offered immigrants an opportunity for a fresh start and the possibility to own their own land. As a result, free settlers were in a position to choose their own employment. This meant that the Australia Agriculture Company could not retain employees due to unsatisfactory wage earnings and working conditions.⁸⁰

In conclusion, wool as a raw material had been available since sheep were first domesticated. However, historically leading up to 1800 sheep breeding in England and

⁷⁹*Maitland Mercury Newspaper* Index People, Subjects & Districts Vol 4 1846, Census 1841, 1846; R Mansfield, *Analytical View of the Census of New South Wales for the Year, 1841*, (Sydney; Kemp and Fairfax, 1841).

⁸⁰*Maitland Mercury Newspaper* Index People, Subjects & Districts Vol 4 1846 – AAC Employment; R Mansfield, *Analytical View of the Census of New South Wales for the Year, 1841*, (Sydney; Kemp and Fairfax, 1841).

Scotland had become quite complex. As well as that, the classification of sheep breeds was also rather complicated. In order to simplify the process, by the 1800s different sheep breeds could be grouped into three or four categories depending on which part of England or Scotland they were located.⁸¹ As well as that, up until the 18th century the Merino sheep had been a protected monopoly of Spain. After that time frame, Merino sheep were dispersed throughout Europe and they were crossed with local breeds.⁸² During the early nineteenth century, the structure of the demand in the London wool market changed decisively. The shift was made from traditional reliance on domestic supplies for woollen manufacture to an increasing reliance on imported wool.⁸³ Furthermore, the relocation of wool growing coincided with technical changes in woollen manufacture. This increased the demand for the fine strong wool of the merino sheep as they adapted to warm and drier conditions such as Australia.

As a result, Australia became a prime location of choice for sheep breeding and for producing fine wool. Along with this, Britain wanted to increase its colonial wool production which it did through the creation of the Australian Agricultural Company (AAC). In order to support the AAC and reduce the overcrowding of convicts in English prisons, Britain offered Australian land grants to AAC and labor in the form of convicts. Britain was also in an economic position to offer a built-in consumer base from whom Australia could export its finished products such as wool. As a result, with the support of

⁸¹M L Ryder, "Medieval Sheep and Wool Types," *The Agricultural History Review*, vol 32, no 1, 1984, 14–28.

⁸²Stephen Roberts, *The Australian Wool Trade-Trade in the Forties*, (New York; Johnson Reprint Corporation, 1931), 45.

⁸³Ann Marshall, *The 'Environment' and Australian Wool Production; One hundred and Fifty Years*, (Melbourne; Cheshire Publishing Pty, Ltd, 1976), 123.

the British government, the Australian Agriculture Company was able to anticipate the pastoral expansion of the 1830's. This proved very successful and lucrative for the company.

Nevertheless, from the beginning of the formation of the Australian Agricultural Company, the company had experienced many difficulties, such as maintaining communications over long distances. Also, they found it very difficult to be able to continuously supply its stores as they were reliant on convicts supplied by the British government. In addition, the company had eighteen drays (carts) continuously on the roads which proved very costly and hard to maintain. There were difficulties in finding labor to shepherd, wash and shear large numbers of sheep. Also, the Australian climate was very unpredictable with drought and extreme heat which made working conditions unbearable. Indentured labor was heavily utilized and many indentured families served long periods of time for the Australian Agriculture Company. The British government was never in a position to commit to the number of convicts being shipped. Because of this, the company was in constant state of flux for new employees.⁸⁴

⁸⁴Alan Atkinson, and Marian Aveling, *Australians 1838, vol 2*, (Broadway, Sydney; Fairfax, Syme & Weldon Associates, 1987).

Chapter 4

Government Legislation

Chapter 3 examined the evolution of the history of wool together with all of its complexities in the evolution of sheep classifications and sheep farming in order to manufacture wool. The history of wool discussed the gradual displacement of sheep farming for wool from the European lowlands to the extensive land frontiers in the Southern Hemisphere such as Australia in order to create its own woolen industry. The relocation of wool growing coincided with technical changes in the woolen manufacture which increased demand for the fine strong wool of the merino sheep that had adapted to warmer and drier conditions which were found in Australia. As a result, the Australian woolen industry began to thrive and it became recognized as a worthy opponent in the manufacture of wool. As with the evolution of the woolen industry in Britain, government legislation had to be enacted in Australia in order to minimize competition with Britain's domestic market at least initially and then globally. In addition, Britain had to promote growth within the Australian Woolen Industry in order to achieve sustained revenue for the British government.

Hence, chapter four will conduct an inquiry into how wool became the main focus for a large part of government legislation together with administrative action in both Britain and Australia. It was the chief means of the successful spread of colonial settlement, and the pattern of that settlement. Wool was based on a highly profitable pastoral industry. Also, wool had a basic influence on the character of the Australian urban development, communication

systems and service occupations.¹ Its outstanding place in the Australian economy of the nineteenth century arose from its dominating position as an export commodity. The fact that, by the extensive utilization of cheap land resources in a new country, Australian wool would meet some of the growing raw material requirements of the European wool textile industries forms a large part of the explanation both of its profitability and its magnitude in the colonies in the nineteenth century.²

Consequently, Britain was well aware from all sides of the bench that wool and its industries had to be constantly watched and controlled by the government. In addition, structured regulations were constantly implemented to ensure its growth.³ It was so much so that there were so many bills and acts issued in the trade of wool. For example, in 1806 a parliamentary committee was established to look into the operations of the woolen manufactures in England. It discovered that at least seventy acts were directly applied to wool. At least three specific categories were covered. First, acts that regulated masters and workmen in manufacture. Second, acts that regulated masters in the sale of cloth. And third, the acts that prevented the export of certain materials and tools. (See Table 1.9).⁴ From Table

¹Alan Barnard, *The Australian Wool Market 1840-1900*, (Melbourne; Melbourne University Press, 1958), 15.

²Alan Barnard, *The Australian Wool Market 1840-1900*, (Melbourne; Melbourne University Press, 1958), 16.

³14 *JHC*, 61, 1806, Appendix 23, 697; Some efforts had been made to increase consumption of woolen textiles; In the Restoration era bodies were meant to be wrapped in woolen cloth when buried: 18 & 19 Charles II c. 4, 30 Charles II c. 3, and 32 Charles II c 1; Charles Davenant in the 'The Natural Way of promoting the Woolen Manufacture, is not to force its consumption at Home, but by wholesome Laws to contrive that it may be wrought cheaply in England, which consequently will enable us to command the markets abroad,' *An essay on the East-India trade*, 1696, 26–7.

⁴Charles Davenant, *An essay on the East-India trade*, 1696, 26–27.

1.9, it can be observed that between 1660 and 1824, there were twenty-four different acts passed about wool exports. This calculates to almost one every five years. Some of these acts were minimal in their adjustments to the regulations. However, with most of the acts passed, Parliament was creating a chain in order to secure Britain's domestic wool clip.

Table 1.9: British Wool Export Legislation, 1660–1824⁵

Period	Acts	Fails	Success %	General economic legislation success %
1660–85	2	14	13	25
1689–1714	6	20	23	40
1714–60	8	4	67	67
1760–1800	4	3	57	81
1800–24	4	n.a.	n.a.	n.a.

However, internationally, wool clips were becoming very competitive. Britain's hold on the woolen industry was not as secure as it once was. The word international became defined in the 19th century as a political principle. It advocated greater political and economic cooperation among states and nations.⁶ Also, it can be associated with other political movements and ideologies such as a doctrine, a belief system or a movement in itself.⁷

⁵C H Wilson, 'Trade, society and the state', in *The Cambridge economic history of Europe, vol 4, The economy of expanding Europe in the sixteenth and seventeenth centuries*, ed E E Rich and C H Wilson, Cambridge, 1967, 496.

⁶N D Arora, *Political Science*, McGraw-Hill Education; 2011, 2.

⁷Warren F Kuehl, Concepts of Internationalism in History, *Journal of Peace and Change*; Vol 11, Issue 2, 1986, 1-10.

Consequently, in the early 19th century there were three concrete legal systems in the United Kingdom of Great Britain and Ireland. Those were identified as England and Wales, Scotland, and Ireland. The United Kingdom is a sovereign nation that claims its own authority and jurisdiction. However, in 19th century Great Britain, there did exist a liberal internationalist strand of political thought that was promoted by Richard Cobden and John Bright. Cobden and Bright were against the protectionist laws as is evident in Cobden's speech on September 28, 1843.⁸ Cobden believed in breaking down barriers between countries and that interdependence could develop friendships not war. Also, Adam Smith expressed similar ideas in *The Wealth of Nations* which promotes the idea of moral law and laissez faire.⁹ Smith stated that competition can thrive when there is no government interference. In addition, Smith believed in the inherent goodness of human nature. This ideology propelled the movement of internationalism.

Furthermore, with the loss of the North American colonies, Britain needed to find another location to send their convicts. At that time, International Law justified claims to the land when a state took occupation of that land. As a result, the United Kingdom claimed all of eastern Australia as its territory on the basis of *terra nullius*. The argument put forth was that this land did not belong to anyone so Britain assumed ownership. Consequently, early history of British Colonial Australia is recorded from 1788-1850. This began with the arrival of the

⁸Donald Read, *Cobden and Bright; a Victorian Political Partnership*, (New York; St Martin's Press, 1968), 1-275.

⁹Adam Smith, *The Wealth of Nations*, (London; W Strahan and T Cadell, 1776).

First Fleet of British ships at Port Jackson (Sydney). The establishment of the penal colony of New South Wales under Martial law took effect immediately as the new-found colony became part of the British Empire. Martial law was the exchange of military rule on behalf of the British government where all civilian legal processes were halted while military power was in effect. As a result, under Martial law, British government legislation was slow to be enacted into the Australian Colony. Irrespective of Martial law and the resulting consequences, the penal colony began to expand. As a result, it was successful in developing an economy based on animal farming such as sheep, fishing, whaling, trade with incoming ships, and construction using convict labor. Eventually British laws, rules, regulations, and procedures would take root in the colony. Thus, civilian processes would begin to maintain law and order, enforce laws and create new settlements. Western democracy would be secured through an Australian representative government and civilians rights would be protected. However, it would take almost a hundred years before British military forces would leave Australia in 1870.¹⁰

Initially, Australian settlement began in 1788 with the arrival of the First Fleet of British ships at Port Jackson. As a result, the penal colony of New South Wales was created under the rule of the British Empire. Shortly after their arrival in 1788, the first governor of New South Wales, Arthur Phillip, was appointed. He was given complete control over all executive and legislative powers in order to establish courts, military forces, fight enemies,

¹⁰David Kemp, *The Land of Dreams; How Australians Won Their Freedom, 1788-1860*, (Melbourne University Publishing, 2018), 277.

give out land grants, and regulate the economy.¹¹ From 1788 until the 1854, the governors controlled the governance of the Australian colony which included policy decision-making. In turn, they were held accountable to the government in London. Initially, the governors reported to the British Home Office until 1794, then the British War Office until 1801, and finally the British War and Colonial Office until 1854.¹²

Consequently, governors were required to follow British Common Law and they were monitored in order to do so. The Australian colony inherited the common law system from the United Kingdom. Common law is created by judges on a case by case basis. It builds upon the precedent and interpretation of previous court decisions. The *Australian Court Act of 1828* confirmed that English Common law was in place both in New South Wales and in Van Diemen's Land (Tasmania).¹³ In Britain, laws and regulations have evolved over many centuries in order to achieve government representation for its citizens.

¹¹David Kemp, *The Land of Dreams; How Australians Won Their Freedom, 1788-1860*, (Melbourne University Publishing, 2018), 277.

¹²Grace Karskens, "The early colonial presence, 1788-1822", In Bashford, Alison; MacIntyre, Stuart (eds), *The Cambridge History of Australia, Volume I, Indigenous and colonial Australia*, (Cambridge; Cambridge University Press, 2013), 90–114.

¹³British Parliament, *Australian Courts Act 1828 (UK)*, London; House of Lords Record Office, 9 Geo, IV C 83; legislation of the British Parliament which ensured that the laws of England would be applied in the two existing Australian colonies, New South Wales and Van Diemen's Land; The Act strengthened the role of both Supreme Courts as appeals from Supreme Court decisions to the Governor were ended (although appeals to the Privy Council could still only come from the Governor); It provided for trial by jury in the Supreme Court in civil cases and empowered the Governor to introduce general trial by jury in criminal matters; (Trial by jury for people charged under criminal law was established in 1833 in New South Wales and, in limited circumstances, in 1834 in Van Diemen's Land).

The ideas put forth in the English *1215 Magna Carta*¹⁴ and the *English 1689 Bill of Rights*¹⁵ were transferred to the Australian colony through those in power, convicts and free settlers. In Britain, British subjects were entitled to representation by their government and to certain rights granted to them through British parliament. Although the *English 1689 Bill of Rights* allowed certain rights and liberties for British citizens which included freedom from arbitrary arrest and freedom of speech in British Parliament, it did not apply to other British colonies such as Australia. As a result, Australian western democracy was inherited through laws and regulations initiated by the British government.

Furthermore, British parliament was originally a unicameral body. King John of England (1166 – 1216) ruled all aspects of daily life. The *Magna Carta* was issued in June 1215 at Runnymede, in England. This was one of the first written documents to describe that the king and his government were not above the law and that they too, would be held accountable for their actions.¹⁶ Also, it sought to prevent the king from exploiting his power. It placed limits on the royal authority by establishing the law as a power in itself.¹⁷ Hence, Edward 1 of England (1272 - 1307) reigned over parliament for over thirty-five years. Because of this, the meeting of Parliament became a more frequent event. As a result, it was summoned forty-six times. Edward, I called his first Parliament in 1275. Then, he summoned

¹⁴King John of England, *Magna Carta of 1215*, Runnymede, Windsor 1215.

¹⁵British Parliament, *Act 1689 Bill of Rights*.

¹⁶King John of England, *Magna Carta of 1215*, Runnymede, Windsor, England.

¹⁷Daniel Hannan, *Inventing Freedom; How the English-Speaking Peoples Made the Modern World*, (New York; Harper Collins, 2013), 416.

his nobles and churchmen. Edward 1 issued orders (writs) for two representatives to be elected from each county (the knights of the shire) and two from each city or town (the burgesses) to attend. Edward 1 was interested in the definition of rights and making those rights clear to all parties involved so that they would be easily understood. In addition, trade needed to be regulated with the help of licenses together with port duties. Those who wanted to trade in England could do so under supervision but they had to purchase a license. In addition, they had to pay a toll on the goods whether exported or imported. Also, the Magna Carta referred to tolls stating that they should be limited to the right and ancient customs.¹⁸ For the first twenty years of Edward's reign, Parliament met twice a year.¹⁹

However, it took a long time for the practice of summoning these representatives to become the normal standard. From 1278 onwards, official records were kept of its proceedings and decisions. They were written up and sewn together in long scrolls called the Rolls of Parliament. The burgesses and the knights of the shire were summoned in 1295. This became known as the Model Parliament because its representation of two knights from each county together with two burgesses from each town became the normal for almost all future Parliaments. Usually, they were called upon to listen and approve Edward's plan for a new tax to fund a new war. Also, it was during Edwards rule that taxes on imports, and exports become just as important as land tax for sources of revenue.²⁰

¹⁸King of England John, *Magna Carta of 1215*, Runnymede, Windsor 1215.

¹⁹Michael Prestwich, *Edward I; English Monarchs*, (Yale University Press; 1997).

²⁰Michael Prestwich, *War, Politics and Finance under Edward I*, (London; Faber and Faber, 1972), 317.

Consequently, from the 13th century to the 18th century (1707), the Kingdom of England held legislature through the Parliament of England. Subsequently, it was replaced by the parliament of Great Britain. Parliament has evolved from the bishops and peers who had advised the English monarch. This began when councils were first called Parliaments during the reign of Henry III (r. 1216–1272). By this time, the king required Parliament's consent to levy taxation.²¹ As a result, a bicameral Parliament emerged with its membership divided into the House of Lords and the House of Commons. This also included the knights of the shire and the burgesses.

Also, during the reign of King Henry IV of England (r. 1399-1433), the role of Parliament expanded from the determination of taxation policy to include the concept of redress of grievances. This allowed English citizens the opportunity to state their complaints directly to government in their local towns and counties. In addition, British citizens were given the freedom to vote in order to elect their representatives, such as the burgesses, to the House of Commons. Over the centuries, the English Parliament continued to reduce the power held by the English monarchy. Eventually, this led to the English Civil War 1642-1652 and the High Court of Justice for the trial of Charles I in 1649. King Charles I was prosecuted for treason against England. He was found guilty and sentenced to death. The execution of King Charles I was an important milestone for the government of England as the relationship was forever changed between the king's authority and parliament.²²

²¹Paul Brand, "The Development of Parliament, 1215–1307," in Jones, Clyve (ed), *A Short History of parliament; England, Great Britain, the United Kingdom, Ireland and Scotland*, (The Boydell Press, 2009), 10–15.

²²*Origins and growth of Parliament*, The National Archives, Retrieved June 30, 2023.

In addition, the *Bill of Rights 1689* was an Act passed by English Parliament that set out certain basic civil rights for its citizens. Second, it documented who would inherit the Crown. Finally, it offers a permanent statute in English constitutional law.²³ The ideas documented in the *1689 Bill of Rights* were derived from a political theorist and enlightenment thinker, John Locke.²⁴ The Bill sets out a constitutional requirement for the English Crown to obtain the consent of the people as represented in Parliament.²⁵ In conjunction with curtailing the limits of the monarch's powers, it established the rights of Parliament which included regular parliaments, free elections, and parliamentary privilege.²⁶ Parliamentary privilege offers legal immunity to certain legislature members in order to protect them against civil or criminal liability for any actions done or statements made in the course of their legislative duties.

Also, the *1689 Bill of Rights* records the rights of the individual, a British subject. This included the prohibition of cruel and unusual punishment and the right not to pay taxes levied without the approval of Parliament. Finally, it described and condemned several inappropriate actions of James II of England.²⁷ The *1689 Bill of Rights* did receive royal approval on the 16th of December 1689. This became a restatement in statutory form of the *Declaration of*

²³British Parliament, *Act 1689 Bill of Rights*.

²⁴Lois G Schwoerer, "Locke, Lockean Ideas, and the Glorious Revolution", *Journal of the History of Ideas*, 51 (4), 1990. 531–548.

²⁵Maurice Adams; Anne Meuwese, Ernst Hirsch Ballin, *Constitutionalism and the Rule of Law; Bridging Idealism and Realism*, (Cambridge University Press, 2017), 97.

²⁶British Parliament, *Act 1689 Bill of Rights*.

²⁷Geoffrey Lock, Geoffrey, "The 1689 Bill of Rights, *Political Studies*, 37 (4), 1989, 540–561.

Right presented by the Convention Parliament to William III and Mary II in February 1689. At that time, Parliament invited them to become joint sovereigns of England.²⁸

As a result, King William III (r. 1689-1702) and Queen Mary II (r. 1689-1694) accepted their respective roles of sovereigns of England with the knowledge that parliament would be permanently secured. The British government sits in the house of Parliament at the Palace of Westminster in London, England. It holds total legislative supremacy over all political matters both in the United Kingdom and in its overseas territories. Parliament operates on a bicameral system. However, it is made up of three parts. One is the sovereign such as the King in Parliament. Second is the House of Lords. Third is the House of Commons which is considered the primary chamber. This is where most of the political issues are debated and acts are passed by parliament. Theoretically, the king has the power in parliament. However, the Crown will usually concur on the advice of the prime minister. The House of Lords has the capability to delay legislation when necessary. However, the main power resides within the House of Commons.²⁹

Furthermore, the House of Commons controls most of the daily political issues that arise and debates thereon. Great Britain has an elected chamber with a total of 650 constituencies. Through the constitutional convention, all of the government ministers which includes the prime minister are members of the House of Commons. Although not as common, some members will be attached to the House of Lords. For example, junior

²⁸British Parliament, *Act 1689 Bill of Rights*.

²⁹Baron Henry Brougham and Vaux, *The British Constitution Its History; Structure and Working*, 3rd ed, (London; Charles Griffin and Co, nd), 463.

ministers can belong to either the House of Commons or the House of Lords. Irrespective of a senior or a junior minister, all members are accountable to their respective branches of legislature. The second chamber within parliament is reserved for the House of Lords. Members of the House of Lords are not elected. Unlike the House of Commons, the number of members is not fixed which allows for a higher number of members to be present than the House of Commons.³⁰ There are two types of members that reside in the House of Lords. The majority of the members are the Lords Temporal which is a lifetime seat. It is normally appointed by a sovereign on the recommendation of the prime minister. Other members hold hereditary seats. The members of the Lords Spiritual are the senior bishops of the Church of England.³¹ Also, during the establishment of the Australian colony, the House of Lords performed a judicial role through the Law Lords.

Although the Australian colony was established after 1788, the colony was autocratic and controlled by British appointed governors. English law was implemented into daily life of the Australian colony. In addition, the ideas of government representation were also brought by British convicts transported to the penal colony and then by British subjects who were identified as Australian free settlers. It is therefore only natural that individuals born into a democratic society were demanding a representative government soon after the settlement of the colonies were established. However, Australia was recognized as a colony of Britain which was subject to its laws and regulations.

³⁰Baron Henry Brougham and Vaux, *The British Constitution Its History; Structure and Working*, 3rd ed, (London; Charles Griffin and Co, nd), 463.

³¹Lords Spiritual and Temporal, Glossary, UK Parliament, Retrieved June 1st, 2023.

Also, George Grenville created a theory called Virtual Representation in the late eighteenth century. It became a British political concept that governed not just Britain but it included all of Britain's colonies. Its elected members of a representative body within Parliament who did not just represent individuals or a geographic region. They represented the entire country or empire.³² Consequently, it would not be until 1901 that Australia would be amalgamated to create the Commonwealth of Australia, a self-governing Dominion in the British Empire. In addition, the ideology set forth in the *1689 Bill of Rights* would eventually be incorporated into Australian law.³³

The Navigation Acts, which were also known as the Acts of Trade and Navigation, were a lengthy series of English laws which developed, promoted, and regulated English ships, shipping, trade, and commerce between other countries and within its own colonies.³⁴ They were first enacted in 1651 under the English Commonwealth. Then, they were developed further within the *English Restoration by the Act of 1660, Navigation Acts of 1663, 1673, and 1696*.³⁵

During the 18th century, the *Navigation Acts* were continuously modified by subsequent amendments and changes. Once such amendment in the Navigation Acts of 1760s incorporated the ability of generating colonial revenue which resulted in considerable unrest.

³²Paul Langford, "Property and 'Virtual Representation' in Eighteenth-Century England", *Historical Journal*, 31 (1). 1988, 83–115.

³³British Parliament, *Act 1689 Bill of Rights*.

³⁴English Parliament, *English Navigational Acts 1660, 1663, 1673, and 1696*.

³⁵Thomas L Purvis, *A dictionary of American History*, Wiley-Blackwell, 1997, 278; English Parliament, *English Navigational Acts 1660, 1663, 1673, and 1696*.

Usually, the *Navigational Acts* prohibited the use of foreign ships. They required the employment of English and colonial mariners for seventy-five percent of their crews, including ships from the East India Company. The Acts prohibited colonies from exporting specific products to countries other than Britain and those countries' colonies. It was mandated that imports be sourced only through Britain.³⁶

Overall, the Navigation Acts formed the basis for English and then British overseas trade for almost 200 years. However, with the development and gradual acceptance of free trade, the Acts were eventually repealed in 1849. The laws reflected the European economic theory of mercantilism which sought to keep all the benefits of trade inside their respective Empires, and to minimize the loss of gold and silver, or profits, to foreigners through purchases and trade. The system would develop with the colonies supplying raw materials for British industry, and in exchange for this guaranteed market, the colonies would purchase manufactured goods from or through Britain.³⁷

Eventually, laws that would promote free trade were incorporated into the Australian colony.³⁸ In 1776, an American economist Adam Smith, had promoted a Laissez Faire

³⁶British Parliament, *Navigational Acts 1760*; Mercantilism was a policy imposed by Britain on its colonies; the British government and the merchants were partners with the goal of increasing political power and private wealth which excluded other empires; the government protected its merchants by trade barriers, regulations, and subsidies to domestic industries in order to maximize exports from and minimize imports to the realm; the Navigation Acts of the late 17th century provided the legal foundation for Mercantilist policy; all trade had to be carried in English ships and manned by English crews; Colonists had to send their produce and raw materials to Britain; the colonies were forbidden to trade directly with other nations or empires; the growth of native industries were discouraged in order to keep the colonies dependent on Britain for their finished goods.

³⁷British Parliament, *Navigational Act 1849*.

³⁸John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *Economic History Review* 6#1, 1953, 1–15; In the 1840s, Britain adopted a free-trade policy which meant there were open markets and no

approach to the market place. Smith discusses two major ideas within *The Wealth of Nations*, the operation of a free market and the use of an invisible hand. In essence, Smith argues for one, a free economic market that operates the system with little or no government interference. Second is the invisible hand which promotes the idea that people's self-interest would help them make good decisions which in turn would benefit themselves, and in the long term, the society as a whole.³⁹

According to Jutta Bolt and Jan Luiten Zandern (see Figure 8), the Madison Project identifies the beginning of Australian economic growth and income levels from the period of 1820 onwards. From the diagram, it can be overserved that in 1820 Gross Domestic Product per capita was at a zero. Within a colonial context, gross domestic product in Australia utilized the value of all of the final goods and services that were produced such as wool, salted meat, seal and kangaroo skins, barley and potatoes within a given year. There are three ways that GDP can be measured. First, there is the Output Method and incorporates the values from each producer. Second, there is the Income Method. Third, there is the Expenditure Method which incorporates all types of spending. Up until 1820, Britain had covered all of the expenses and supplied the necessary labor through the disbursement of convicts. In starting at

tariffs throughout the empire; Gallagher and Robinson utilized the British experience to construct a framework for understanding European Imperialism; Gallagher and Robinson referred to the New Imperialism of the 1880s, especially the Scramble for Africa, was a continuation of a long-term policy in which informal empire, based on the principles of free trade, was favored over formal imperial control; Gallagher and Robinson found that European leaders rejected the notion that "imperialism" had to be based upon formal, legal control by one government over a colonial region; more importantly was the informal influence in independent areas; Historian Martin Lynn argues that Gallagher and Robinson exaggerated the impact; Lynn advises that Britain achieved its goal of increasing its economic interests in many areas, "but the broader goal of 'regenerating' societies and creating regions tied as 'tributaries' to British economic interests was not attained."

³⁹Jacob Viner, "Adam Smith and Laissez Faire," *Journal of Political Economy*, vol 35, no 2, 1927, 198–232.

zero, Bolt and Luiten were able to demonstrate the existence of economic growth at its inception and give impetus to the British government continued support to the colony.⁴⁰

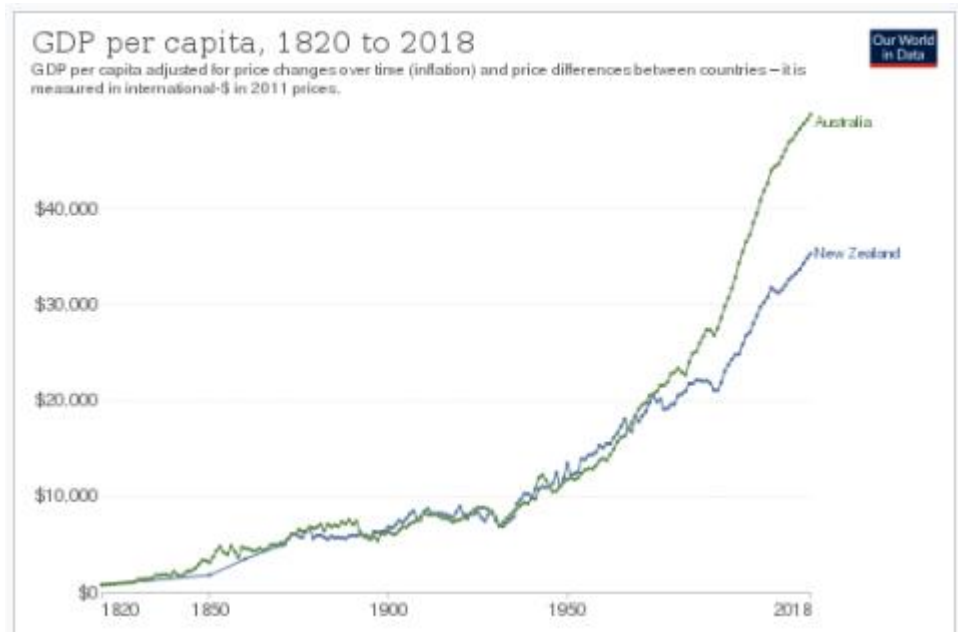


Figure 8: GDP per capita development in Australia and New Zealand.
Bolt, Jutta and Jan Luiten. *Maddison Project Database – Evolution of World Economy*. 2020.⁴¹

Furthermore, Figure 8 depicts GDP from 1800-1850 and offers an excellent monetary measure of the market value of all the final goods and services produced. At the inception of GDP, Australia and New Zealand were equal. However, by 1850, it can be observed, that Australia was beginning to move upward from New Zealand. Therefore, in comparison to

⁴⁰Jutta Bolt and Jan Luiten Zandern, The Maddison Project; Historical GDP Estimates Worldwide, *Journal of World-Historical Information*, Vol 3-4, No 1, 2020.

⁴¹Jutta Bolt and Jan Luiten Zandern, The Maddison Project; Historical GDP Estimates Worldwide, *Journal of World-Historical Information*, Vol 3-4, No 1, 2020.

New Zealand, Australia can be seen to be increasing in their GDP output with regard to goods and services.⁴²

Although the basis of economic growth was still in its infancy, by 1816 penal transportation to Australia started to increase rapidly together with the arrival of new free settlers. With the increase in population, new settlements began to spring up across Australia. In 1820, the British settlement in the colony was only sixty-two miles around Sydney. At that time, the settler population was 26,000. The central plain of Van Diemen's land (Tasmania) was also included in the initial British settlement. Furthermore, in Van Diemen's Land (Tasmania), the population had risen to 6,000.⁴³

In addition, by 1824, Van Diemen's Land (Tasmania) would become a separate colony. In 1829, free settlements began at the Swan River Colony in Western Australia. In 1836, the Province of South Australia began and in 1836 the Port Philip District was created. As a result, the grazing of cattle and sheep expanded inland. This led to increasing conflicts with the Aboriginal people on their traditional lands. The aboriginal people were concentrated near bodies of water and local towns such as Sydney, New South Wales. Although the Aboriginal population had been severely reduced, they were present in Queensland, Victoria, Tasmania,

⁴²Jutta Bolt and Jan Luiten Zandern, The Maddison Project; Historical GDP Estimates Worldwide, *Journal of World-Historical Information*, Vol 3-4, No 1, 2020.

⁴³Kenneth Gordon MacIntyre, *The Secret Discovery of Australia; Portuguese Ventures 200 Years before Captain Cook*, (Souvenir Press, 1977), 427.

and South Australia. Because of this, the growing population of free settlers, former convicts and the Australian-born population led to public demands for representative government.⁴⁴



Figure 9: Years of First Sheep Settlements⁴⁵

Also, British explorers of the new colony began to question the actions of government and the laws passed in the colony. They were not prepared to pay taxes without representation. In 1813, one of the first English pioneer farmers to explore Australia, was Gregory Blaxland, (17 June 1778 – 1 January 1853). He explored the local area with William

⁴⁴N G Butlin, *Investment in Australian Economic Development, 1861-1900*, (Cambridge; Cambridge [England] University Press, 1964), 477.

⁴⁵Barry White, *Introduction to the Australian Wool Industry*, (Sydney; 2017).

Lawson, and William Wentworth.⁴⁶ Together, they crossed over the Blue Mountains into the interior of New South Wales. From Mount Blaxland, they could observe vast amounts of land that would support sheep growth for the next thirty years and beyond. As a result of this discovery, British settlers would begin to expand into the interior of the colony.⁴⁷ Due to the vast distances between England and Australia, implementation of laws were difficult to enforce. Trade was sporadic as it was dependent on several factors including weather, cargo, and the crew of ships. One of the main drives of the British government was the transportation of convicts from the overcrowded jails in England to Australia. However, infrastructure needed to be put in place in order to house, maintain, and employ both the convicts and indentured servants together with free settlers as they arrived in the colony.

Consequently, the shift in the colonial state's policy toward land granting from an initial emphasis on small-farming settlement to active approval of large landholding in the 1820s had significant implications for the development of pastoral capital.⁴⁸ This change in policy was influenced by several factors and played a crucial role in shaping the economic landscape of the Australian colonies, particularly in relation to pastoral activities.⁴⁹ First, there was the emancipist small-farming population. Initially, there was

⁴⁶Lewis Deer, and John Barr, *Australia's First Patriot; The Story of William C. Wentworth*, (Sydney; Angus & Robertson Ltd, 1911), 109.

⁴⁷Jill Conway, "Blaxland, Gregory (1778–1853)", *Australian Dictionary of Biography*, Vol 1, National Centre of Biography, Australian National University, 1966.

⁴⁸Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 70.

⁴⁹Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 49.

an attempt to settle an emancipist (former convicts who had served their sentences) small-farming population. This approach aimed at creating a more egalitarian and self-sufficient agrarian society. Second, there was a transition to large landholding. In the 1820s, the colonial state's policy underwent a significant transformation, with active approval and encouragement of large landholding. This shift was likely influenced by changing economic priorities, the potential for increased agricultural productivity, and the recognition of the profitability of pastoral activities.

Third, there was the encouragement of pastoral capital. The approval of large landholding was particularly beneficial for the development of pastoral capital. Pastoralism, focused on extensive grazing of livestock, especially sheep for wool production, became a dominant economic activity. Large land grants allowed pastoralists to amass extensive holdings suitable for grazing. Fourth, wool became a key export. The encouragement of pastoral capital contributed to the rise of wool as a key export commodity. Pastoralists, including figures like John Macarthur, played a pivotal role in experimenting with sheep breeding and establishing successful wool-producing enterprises.

And fifth there was the economic impact. The policy shift facilitated the growth of a wealthier class of large landowners and pastoralists. This had a substantial impact on the economic structure of the colonies, contributing to the emergence of an influential class of graziers which shaped the trajectory of economic development. As the number and size of landed estates increased, the economies of assigning convict labor to estate farmers

became more apparent. This reinforced the state commitment to landed capital.⁵⁰

Because of this, estate farming emerged as a response to the need for expanding pastoral properties due to livestock accumulation. The government's differential land granting policy played a significant role in sustaining this process, as illustrated in Table 2.1.⁵¹ Additionally, land acquisition through extralegal means further contributed to the concentration of land ownership. However, the aftermath of the Napoleonic wars posed several challenges for Britain. First, the interest rate on the national debt accounted for a substantial portion of the government's annual income. Second, social dislocation occurred following the demobilization of 250,000 soldiers during an agricultural crisis.⁵²

Subsequently, this agricultural crisis not only involved a postwar agricultural slump but also the enclosure movement, which expropriated small farmers and threatened traditional yeoman farming practices. Moreover, the enclosure movement did aim to improve agricultural efficiency by consolidating fragmented land holdings. However, its impact was multifaceted, affecting productivity while also disrupting established rural communities.⁵³

⁵⁰Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 71.

⁵¹Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984) 72.

⁵²Robert Hughes, *The Fatal Shore*, (New York; Alfred A Knopf, Inc, 1987), 144.

⁵³Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 71.

By the 1820s the old protectionist attitudes, which had been incorporated into the 17th century Navigation Laws, were constantly being criticized in British Parliament. Both manufacturers and merchants agreed that British industry was economically strong and stable. Government protection was no longer required in the form of high duties against foreign competitors. One of the main concerns was that should Britain continue to maintain high duties on imports, foreign countries would then assess high duties on British goods. Consequently, in 1820, Britain's merchants located throughout the United Kingdom in cities such as London, Manchester and Glasgow petitioned the House of Commons for the abolition of all duties. This would result in free trade for everyone, which included British colonies such as the Australian colony.⁵⁴

Moreover, in 1823, this led to the Reciprocity of Duties Act, which offered an innovative initiative that allowed Britain to sign mutual trading agreements with foreign powers on an individual basis.⁵⁵ The argument put forth was that in freeing up trade, goods would become cheaper to produce. Then goods would become more competitive in

⁵⁴Herbert Heaton, *Economic History of Europe*, (New York; Harper & Bros, 1936), 398-99; Bernard Semmel, *The Rise of Free Trade Imperialism; Classical Political Economy; The Empire of Free Trade and Imperialism, 1750-1850*, (Cambridge; Cambridge University Press, 1970), 181; J Bartlett Brebner, "Laissez-Faire and State Intervention in Nineteenth Century Britain," in E M Carus-Wilson, ed, *Essays in Economic History*, Vol 3 (London; Edward Arnold, 1962), 254-256; The movement toward free trade in Britain began in the 18th century after the Napoleonic Wars; at the beginning Josiah Wedgwood advocated free trade for exports of manufactures under the Treaty of Vergennes-Eden 1786; Britain created this treaty with France to reduce tariffs on goods from Britain and France; however, there was prohibitions on the export of machinery and emigrations of artisans; in the 1820's and 1830's, a number of the political economists such as Torrens, Baring, Peel, Nassau Senior favored the repeal of the Corn Laws but opposed the export of machinery; the 19th century is seen by Brebner not as a constant beat of the drum towards laissez-faire but as a counterpoint between Smithian laissez-faire in trade matters.

⁵⁵British Parliament, *Reciprocity of Duties Act 1823*.

the international market which would result in an increase in exports and prosperity. Inevitably, not all merchants and ship owners were in favor of free trade, laissez faire, and the laws were constantly repealed. Consequently, it would take until the 1850s for free trade to be fully implemented within the British government.

As a result, three years later, the Navigation Laws, which had justified the whole policy of protection of British goods for two centuries, were also repealed.⁵⁶ Furthermore, in his Budget of 1853, the Chancellor of the Exchequer, William Ewart Gladstone repealed and/or reduced duties on 250 articles. In his following Budget of 1860, he removed nearly all remaining protectionist regulations.⁵⁷ For the Australian colony, this now meant that they could trade with any foreign country without fear of penalty or repercussions with Great Britain.

⁵⁶Thomas Curson Hansard, *Hansard's British Parliamentary Debates*, Third Series, Vol LVIII, Col 639, 1841.

⁵⁷William Edward Gladstone, and William O'Brien, *The Speeches (in Full) of the Rt Honorable W E Gladstone, M P, and William O'Brien, M P, on Home Rule*, Delivered in Parliament, February 16 and 17, 1888, Project Gutenberg.

Table 2.1: Grants Issued, 1812-1820⁵⁸

Size of Holdings (Acres)	No. Grants	% of Total	No. Acres	% of Total Area
Less than 200	39	15.32	5,226	3.45
201-499	91	36.46	27,410	18.10
500-999	81	31.76	49,440	32.65
1,000 and over	<u>42</u>	<u>16.46</u>	<u>69,360</u>	<u>45.80</u>
Totals	255	100.00	151,436	100.00

*Source: K W Robinson; 'Land' in *Economic Growth of Australia, 1778-1821*, G J Abbott and N B Nairn, eds (Melbourne; Melbourne University Press, 1969), 99.⁶

Also, in combination with the secular demise of the domestic industry, these forces accelerated rural depopulation. It placed acute stress on urban resources.⁵⁹ Crime also increased with greater urban concentration and there was increasing incidences of offenses against property. The response of the British government to these problems led to policy changes that encouraged colonial landed property. The colonial state responded with a policy that encouraged the assignment of convicts to landowners to reduce public expenditures. This policy coincided with a greatly increased inflow of convicts, as Britain attempted to relieve economic and social pressures by accelerating the transportation program. Table 2.2 documents the increased convict transportation to Australia. Colonial Secretary Earl

⁵⁸K W Robinson, *Land in Economic Growth of Australia, 1788-1821*, (Melbourne; Melbourne University Press, 1969), 99.

⁵⁹Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 71.

Bathurst needed to dispose of the increased number of convicts.⁶⁰

Table 2.2: Convicts Transported to Australia, 1812-1830*

Year of Ship's arrival	From Great Britain		From Ireland	
	Male	Female	Male	Female
1812	400	126		_____
1813	401		147	54
1814	706	239	219	98
1815	700	110	214	69
1816	732	102	370	84
1817	1,501	103	320	89
1818	2,333	227	689	101
1819	1,864		842	_____
1820	3,003	268	640	78
1821	2,083	103	484	80
1822	1,461	108	852	_____
1823	1,579	222	837	97

*Source: A G L Shaw, *Convicts and Colonies*, (London: Faber & Faber, 1966), 365-6.⁶¹

⁶⁰A G L Shaw, *Convicts and Colonies*, (London; Faber & Faber, 1966), 365-6; Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 53-54.

⁶¹A G L Shaw, *Convicts and Colonies*, (London: Faber & Faber, 1966), 365-6.

Table 2.2: Convicts Transported to Australia, 1812-1830 (continued)*

Year of Ship's arrival	From Great Britain		From Ireland	
	Male	Female	Male	Female
1824	1,368	90	320	109
1825	1342	390	905	113
1826	1,162	100	902	100
1827	2,225	562	745	161
1828	2,625	271	755	274
1829	2,942	501	1,177	177
1830	4036	363	698	319

*Source: A G L Shaw, *Convicts and Colonies*, (London: Faber & Faber, 1966), 365-6.⁶²

As previously mentioned, in 1819 Colonial Bathurst had commissioned J. T. Bigge, Chief Justice to investigate the daily operations of the New South Wales colony. The result of Bigge's commissions would allow the Colonial Office to sponsor the pastoral industry with the regular assignment of convict labor. The convicts would be dispersed throughout the colony (using distance as a form of punishment) and enhance commercial development.⁶³ In addition, land regulations in the middle of the 1820s ended the tradition of accommodating the small farmer.

⁶²G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971) 62.

⁶³Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 73.

Whereas provisions were made for grants of less than 320 acres, the new regulations encouraged large landholders with grants in proportion to capital up to the 2,560-maximum acreage, with an option to buy or rent lands adjacent to Crown land.

In contrast, by the 1830s and the 1840s Australia was receiving an increasing number of free settlers instead of convicts. Because of this, there was a vast shortage of labor. People working on farms needed laborers in order to clear the land, plant the crops and take care of the animals. As the settlement was expanding, convict labor was insufficient. Consequently, employers were forced to increase the wages paid to workers in order to compete for their labor. As a result, the Australian population preferred to encourage more free settlers. Convicts were seen as a bad moral influence. Most of the free settlers wanted the transportation system to be halted. They did not want more convicts in the workforce.

Clearly more free-settlers would now include women and they would be welcomed in the colony. In 1838 Caroline Chisholm arrived in New South Wales with her family. She had observed that many females were unable to obtain employment. Chisholm arranged a meeting with Governor George Gipps who had just been appointed to his new role of governor of New South Wales. As a result, she was successful in implementing free accommodations for females until they had obtained employment. Chisholm was the first to offer a free employment agency. Many employers who resided in the bush were unable to get into the city to recruit new employees. As a result, Chisholm brought groups of women into the bush where they were all

successfully employed in well-paid positions. By 1846, she had helped over 11,000 people find employment or settle as farmers in New South Wales.⁶⁴

As the frontier expanded and more finances were needed, the exclusivist pastoralists established their own Bank of Australia in 1826. This new "merino" bank symbolized a further attempt by the exclusivist grazers to permanently differentiate themselves from emancipist merchants and financiers. They based their aristocratic pretensions on the near-monopoly of large landholdings (a consequence of the land grant patronage) as well as their political leadership through exclusive representation in the newly created Legislative Council.⁶⁵

In addition, the 1831 Ripon Regulations aimed to reshape colonial landholding patterns by abolishing the land grant system. The practical outcome of land sales, authorized by the British government to address imperial financial concerns, was that the generated revenue would fund working-class emigration. Simultaneously, and of considerable significance to colonial reformers, the colonization scheme served as a civilizing initiative intended to attract middle-class emigrants, particularly farmers experiencing social decline in Britain. The planners anticipated stabilizing the colonial social structure, thereby putting an end to the haphazard practice of indiscriminately sending out paupers and convicts.⁶⁶

⁶⁴Caroline Chisholm, *The A B C of Colonization No 1 in a series of letters 1850*, Oxford; John Ollivier, 1850. 40.

⁶⁵Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 74.

⁶⁶Peter Burroughs, Wakefield and the Ripon land regulations of 1831, *Historical Studies; Australia and New Zealand*, volume 11, 1965, Issue 44, 452-466; Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 54.

In this way, settlement colonies would become an agricultural periphery complementing metropolitan needs, while evolving into self-governing societies in the British political mold. This was the context in which imperial policy projected the themes of informal empire into its relations with settlement colonies such as Australia. Subsequently, the dismantling of the formal infrastructure of the old mercantilist colonial system was at odds with the influence of the world market in the colonial political economy. In particular, protectionism and imperial preference systems imposed restrictions on free trade. This contributed to the misallocation of imperial resources and unnecessary administrative expenses. Consequently, free trade and protectionism stood as opposing forces in international trade.

Even though free trade aimed to eliminate trade barriers, enhance economic efficiency, and facilitate easy access to markets, protectionism sought to shield domestic industries, which potentially could lead to higher prices and reduce consumer choices. Additionally, reformers opposed the expenses and militarism associated with the traditional colonial system, including its oligarchic forms of colonial government. This ideological shift reflected a broader movement towards embracing economic efficiency, free trade principles, and a more streamlined colonial governance structure.⁶⁷

Furthermore, settling the ex-convict population as small landholders unleashed dynamics of social differentiation that contradicted the penal nature of the colony. These

⁶⁷Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 75, 84-85; Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 56.

social relations took on two distinct forms: (1) The establishment of capitalist production relations, infusing colonial society with an entrepreneurial dynamic; and (2) a social antagonism between emancipists (former convicts) and free settlers, particularly concerning access to civil privileges.⁶⁸ Governor Macquarie played a role in initiating this antagonism by encouraging emancipist enterprise, which further developed as emancipist entrepreneurs asserted their civil rights. This shift marked a departure from the penal framework, introducing elements of social and economic diversity within the colony.⁶⁹

As mentioned earlier, until the 1820s, the governor served as the exclusive executive and legislative authority in the colony. This form of government was rooted in overt military power, supported by a network of magistrates responsible for administering the law in different localities. Initially composed of both civil and military officers, the magistracy expanded as the settlement grew, gradually shifting towards individuals with significant capital, including merchants. In outlying regions, the magistracy also came to include the wealthy landowning gentry.

In addition, as the settlement expanded and assigned convict labor dispersed, local magistrates played a dual role. They coordinated convict discipline while overseeing local markets and resolving land disputes among settlers. Moreover, after Governor

⁶⁸Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 80; Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 55.

⁶⁹Manning Clark, *Sources of Australian History*, (Melbourne; Oxford University Press, 1957), 126-129.

Macquarie, emancipists were prohibited from being appointed to the magistracy.⁷⁰ And they were excluded from obtaining land grants. Consequently, while the state and exclusive grazers collaborated within the patronage system, emancipists became a disruptive force demanding their civil rights. This struggle can be interpreted as an emerging demand by emancipist capital for equal access to political power and recognizing its significant contribution to the economy.⁷¹

Additionally, this period marked a time when Australia did not appear particularly enticing for individuals seeking to relocate and to establish a new life. The expansion of the workforce relied heavily on the transportation of convicts, which served as a deterrent to free migration.⁷² For that reason, it is not surprising that limitations on the influx of labor have traditionally been identified as the key impediment to increasing output.⁷³ In the 1830s, there were numerous contemporary complaints about a shortage of labor for the wool industry.⁷⁴ The few individuals who chose to come to Australia of their own volition typically viewed shepherding, the primary form of labor in the wool industry, as

⁷⁰Clark, *Sources of Australian History*, (Melbourne; Oxford University Press, 1957), 215.

⁷¹Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 81.

⁷²Alan Beever, "From a Place of 'Horrible Destitution' to a Paradise of the Working Class; The Transformation of British Working-Class Attitudes to Australia, 1841-1851," *Labour History* (Australia), 40, 1981, 1-15; Patrick Brantlinger, "Black Swans; or, Botany Bay Eclogues," *Rule of Darkness: British Literature and Imperialism. 1830-1914*, (Ithaca, NY, Cornell University Press, 1990), 109-133; Crauford D. W. Goodwin, *The Image of Australia: British Perception of the Australian Economy from the Eighteenth to the Twentieth Century*, (Durham, NC, Duke University Press, 1974).

⁷³G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971) 62.

⁷⁴G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971) 74.

an extremely unappealing occupation. Subsequently, the subsidizing of migrants' passages, primarily undertaken by the government in the 1830s following the Wakefield system, did little to alleviate the challenges faced by the wool industry in this regard.⁷⁵ The Wakefield system consisted of land disposal and it was prompted in order to promote economic growth. It proposed that all land should be sold at a sufficient price so that the proceeds would be used to finance an inflow of labor.⁷⁶ Its inspiration was derived from yeomen society which, not surprisingly did not emerge naturally in the new colonies.⁷⁷

Achieving rapid economic growth necessitated a continuous influx of new landholders into society, a phenomenon the Wakefield proposal aimed to impede. This proposal imposed limits on the labor force, resulting in shepherds being predominantly drawn from the ranks of convicts and ex-convicts. The numbers of the latter were determined by transportation policies in the past and by mortality rates. Regarding convicts currently serving their

⁷⁵Edward Gibbon Wakefield, *A View of the Art of Colonization in Present Reference to the British Empire; In Letters Between A Statesman and a Colonist*, (London; John W Parker, 1849), 429; Wakefield's claims that a higher price would restrict dispersion and guarantee a sufficient supply of labor; to corroborate this claim, it was during the 1839 shortage of labor that Gipps complained of the insufficiency of land revenue; as a result, the main recommendations made by the newly appointed land and Emigration Commissioners in 1840 were derived from Wakefield theory and writing; the solution was to increase the price of land; regulations published in the Government Gazette on December 5, 1840 and put before the Legislative Council on December 10, 1840 provided that (i) for the purposes of land sales the colony was to be divided into three districts, the Northern, Middle and Southern, (ii) land was to be sold in the Northern and Southern Districts at a fixed price of one pound per acre, (iii) land in the Middle District was to be auctioned with a minimum price of twelve shillings per acre, (iv) money could be deposited in London by emigrants entitling them to select land on arrival and (v) the proceeds of land sales in each district were to be paid into separate treasuries.

⁷⁶Edward Gibbon Wakefield, *A View of the Art of Colonization in Present Reference to the British Empire; In Letters Between a Statesman and a Colonist*, (London; John W Parker, 1849), 429.

⁷⁷Verity Burgmann and Jenny Lee, *A Most Valuable Acquisition*, (Fitzroy, Victoria; McPhee Gribble Publishers Pty Ltd, 1988), 68.

sentences, the British government sought to maintain their numbers at a level reasonably expected for most of the period. The pre-1820 policy, which involved transporting only about 30% of those sentenced to transportation, underwent a drastic change. By the mid-1830s, approximately 75% of those sentenced in Britain were being sent. Based on historical documents detailing the condition of convicts held in Britain, this figure was likely very close to, if not above, the number expected to become effective members of the workforce.⁷⁸

Moreover, the government took measures to ensure that the wool industry's access to available convicts was maintained by favoring new settlers in the assignment of newly arrived convicts. However, there remained a substantial excess demand for convicts to be assigned to private employers. In 1838, bonded labor was significantly cheaper than free labor. W.C. A. Wentworth estimated a difference of £14 a year between employing a convict for £22 and paying wages of £36 for a free laborer.⁷⁹ This situation persisted despite governmental efforts to subsidize a greater number of free immigrants after 1836. Unfortunately, this coincided with a toughening stance in Britain towards transportation, leading to a reduction in the proportion of available convicts sent to Australia.⁸⁰

Furthermore, the cessation of convict assignments had a pronounced impact on wool growers, especially as they were compelled to seek labor on the open market while offering

⁷⁸Jan Kociumbas, *The Oxford History of Australia*, vol 2, *Possessions, 1770-1860*, (Melbourne; Oxford University Press, 1992), 135.

⁷⁹W C A Wentworth, *A Statistical Account of the British Settlements in Australasia*, (London; George B Whittaker, 1824.

⁸⁰William Sinclair, *The Process of Economic Development in Australia*. Melbourne, (Cheshire Publishing Pty, Ltd, 1976), 49.

unappealing employment conditions. According to T. A. Coghlan, when assignment was abolished in 1839, there were 25,322 convicts in assigned service in New South Wales. As their sentences expired, this number decreased at a rate of 5000 per year.⁸¹ However, in the squatting districts, the transition from bonded to free labor did not adequately match the stock increases on squatting runs. This was the case even in instances where many of the runs were small, and some labor was provided by the squatters themselves.⁸²

As well as that, squatter is a very common English term which usually means that a person has taken up living on the property without a legal claim to ownership of that property. Initially, when the Australian colony was in its infancy and ruled by Britain, the term squatting still applied to a person who illegally resided on Aboriginal lands for pastoral or other uses. This derogatory term was associated with illegal use of the land by ticket-of-leave convicts or ex-convicts known as emancipists. In the Australian colony, from 1820s onwards the taking of land that was not occupied without a legal claim to that land became extensive. In particular, squatting was being mostly initiated by persons from the higher classes of society. Also, sheep farming and wool manufacture was becoming a very successful business model. As the colonial population increased there

⁸¹T A Coghlan, *Labour and Industry in Australia; Volume 3: From the First Settlement in 1788 to the Establishment of the Commonwealth in 1901*, (Cambridge University Press, 1900); William Sinclair, *The Process of Economic Development in Australia*. (Melbourne, Cheshire Publishing Pty, Ltd, 1976), 50.

⁸²Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 185; Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 58.

was a heightened demand for the occupation of land in order to graze sheep. By the middle of the 1830s squatting had become an epidemic.⁸³

As a result, the government in New South Wales had to intervene and establish new regulations. Squatting had become a legal issue which needed to be resolved, controlled, and monitored. It effected the output of the woolen industry and the revenue generated. Government policy would now move from the opposition of squatting on vacant land to the regulation and control of that land. The term squatter would be referred to as those who occupied the land under a lease or a license from the Crown.⁸⁴ Subsequently, the negative connotation of the word squatter from previous times would be erased.

Moreover, during the 1830s, extensive squatting on the frontier and increased profits in the wool trade brought about a transformation in colonial social organization and politics.⁸⁵ The success of colonial wool in the world market solidified a pastoral economy, contradicting the reformed imperial policy toward colonial development. While the Colonial Office had introduced reforms for systematic colonization in 1831, the occupation of Crown lands beyond official boundaries was largely unsystematic.⁸⁶

⁸³John C Weaver, "Beyond the Fatal Shore: Pastoral Squatting and the Occupation of Australia, 1826-1852," *The American Historical Review*, Vol 101, No 4, Washington; American Historical Association, 1996; A A Hayden, Stephen H Roberts, "The Squatting Age in Australia, 1835-1847," *The Historian*, 28(2), 1966, 365.

⁸⁴Michael Cannon, Ian MacFarlane, *The Crown, the Land, and the Squatter, 1835-1840*, (Melbourne: Melbourne University Press, 1991), 464.

⁸⁵Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 79.

⁸⁶Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 79.

As a result, a paradox emerged between a mercantilist relationship with the imperial economy strengthened with the burgeoning wool trade, even as politically anti-mercantilist forces developed in both the colony and the imperial state. In the latter, the growing problem of unemployed labor led to a reconceptualization of the settler colony as a host to free, rather than convict, labor. This gave rise to the so-called positive theory of empire, anticipating self-government.⁸⁷ Also, it was aligned with liberal reform currents within Britain, where commercial and manufacturing classes challenged the monopoly of political power held by the gentry.⁸⁸

As a result, the political transition in Australia involved the convergence of two movements. On one hand, emancipists consolidated democratic opposition against the patriarchal structure of the colonial state, where the exclusive pastoral gentry sought aristocratic rule through their privileged relationship with the governor. On the other hand, the impact of squatting, combined with the cessation of convict labor at the end of the 1800s, eroded the social organization of the colonial aristocracy. Consequently, the landed economy shifted towards extensive squatting.

Although the Colonial Office encouraged middle-class emigrants and a free labor force to replace convict labor, the pillars of the landed aristocracy began to crumble. Despite these changes, the neo-mercantilist conceptions of the large wool growers did not

⁸⁷Colin Forster, *Australian Economic Development in the Twentieth Century*, (Sydney; George Allen & Unwin Ltd, 1970), 60.

⁸⁸Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 80.

quickly fade. In the 1840s, these growers attempted to forge a domestic political alliance by combining squatting with their landowning, aiming to support their appeals to Britain to retain Australia as a wool-growing periphery. While they achieved economic success, this triumph came at a political cost within colonial society, especially starting in the late 1840s.⁸⁹

In particular, the push and pull nature of economic expansion from 1788 to 1820 was imprinted on the colony by external circumstances.⁹⁰ The inflow of convicts, crucial for the rate of economic expansion, was determined overseas by British governmental authorities. The decisions made by these authorities about the number of convicts to transfer from one year to the next do not seem to have been significantly influenced by an assessment of the needs of the colony or a clearly conceived plan for its development. The dominant considerations for the British government were more closely tied to domestic issues, resulting in convict shipments largely reflecting local demand.⁹¹

Consequently, the most significant factor influencing the flow of convicts during the late 18th and early 19th centuries was the Napoleonic Wars. These wars both inhibited and caused fluctuations in the transport of convicts in the 1790s and the early 19th century. It was the conclusion of the wars that, more than anything else, led to the

⁸⁹Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 59.

⁹⁰G C Abbott, 'Staple theory and Australian Economic Growth 1788-1820', *Business Archives and History*, vol 5, no 2, 1965, 142-154; A G L Shaw, *Convicts and the Colonies*, (London; Faber and Faber, 1966).

⁹¹Lisa Ford, David Andrew, "Expansion, 1821–1850", *The Cambridge History of Australia, Volume I*, 2013.

significant surge of expansion in 1810.⁹² Because of this, the British government, preoccupied with their own urgent matters and domestic disputes, prioritized those concerns over the welfare of the penal colony of New South Wales. As a result, British authorities controlled the rate of economic expansion in the colony, manipulating it as needed, similar to turning a tap on and off.⁹³

Hence, the social dynamic within colonial Australia was not merely a result of the interaction between external and internal forces. Rather, it was a manifestation of British influences within colonial society. At its most fundamental level, the conflict between urban and pastoral capital reflected the contradictory unity of British hegemony with its liberal and mercantilist elements. The debate over who should control the land oscillated between conflicting ideas of colonial economic development held by urban mercantile classes which were focused on the home-market development and wool growers who were aiming to preserve the imperial division of labor.

Additionally, this question raised concerns about political sovereignty, hinging on the conflict between colonial liberalism and the neo-mercantilism (in both domestic and foreign relations) advocated by the wool growers. The success of colonial liberalism facilitated the transfer of power from Britain as it solidified its substantive hegemony. Consequently, self-government and land reform enabled local regulation, and thereby transformation, of the primitive form of pastoral capital accumulation that originated in

⁹²W Smart, *Economic Annals of the Nineteenth Century 1801-1820*, London, 1910; S N Broadberry, *British Economic Growth, 1270-1870*, (Cambridge; Cambridge University Press, 2015), 502.

⁹³William Sinclair, *The Process of Economic Development in Australia*, (Melbourne, Cheshire Publishing Pty, Ltd, 1976), 25.

metropolitan mercantile expansion. Although Australia had capitalist social relations, it retained control over its primary-producing contribution to the international division of labor.⁹⁴

Consequently, in the settlers' experience, their prosperity was directly proportional to their dependency. Discomfort arose when foreign capital ceased to be available to them. Australia not only sought capital and markets from Britain but, more frequently, also relied on Britain for population. In certain economic sectors, settlers depended on foreign and capital-intensive technology, particularly in shipping and railway services connecting producers to metropolitan markets. Settlers were unequivocal in their belief that future prosperity lay in specializing in the production and export of primary products, such as wool.⁹⁵

Also, *The New South Wales Act 1823* enacted by British Parliament created the first legislative body in Australia, the *New South Wales Legislative Council*. This appointed body consisted of five to seven members who were in a position to advise the Governor of New South Wales.⁹⁶ However, this new body was limited in their powers of oversight.⁹⁷ The act also established the *Supreme Court of New South Wales*, which maintained power over the

⁹⁴Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 247; Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 61.

⁹⁵Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 84; Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 61.

⁹⁶British Parliament, *New South Wales Act of 1823*.

⁹⁷British Parliament, *New South Wales Act of 1823*.

executive.⁹⁸ Before a Governor could propose a law to the council, the Chief Justice had to certify that it was not against English law. This created a form of judicial review. There was no separation of powers. Chief Justice Francis Forbes served in the Legislative Council as well as the Governor's Executive Council. The Executive Council had been founded in 1825, and was composed of leading officials in the colony.⁹⁹

Although, Van Diemen's Land (Tasmania) was established in 1825, its jurisdiction continued to fall under the Governor of New South Wales.¹⁰⁰ Additionally, the Swan River Colony in Western Australia was established in 1829 and James Stirling was appointed governor in 1831.¹⁰¹ In contrast, the Swan River Colony was the first free-settler colony in Australia which was developed through the use of private capital. Also, in 1834, Jeremy Bentham, a social reformist, created a private venture on the south coast, the South Australian Company.¹⁰²

Consequently, British politics was relatively easy to replicate in Australia. As in England, Australia utilized the division of politics between the liberal and the conservative parties. In the early eighteenth century, government in Britain was

⁹⁸David Kemp, *The Land of Dreams; How Australians Won Their Freedom, 1788-1860*, (Melbourne University Publishing, 2018), 277.

⁹⁹David Kemp, *The Land of Dreams; How Australians Won Their Freedom, 1788-1860*, 277.

¹⁰⁰Lieutenant Breton, *Excursions in New South Wales, Western Australia and Van Diemen's Land*, (London; R. Bentley, 1833).

¹⁰¹Lieutenant Breton, *Excursions in New South Wales, Western Australia and Van Diemen's Land*, (London; R. Bentley, 1833).

¹⁰²David Kemp, *The Land of Dreams; How Australians Won Their Freedom, 1788-1860*, 277.

evolving into a political two-party system. However, in the seventeenth century, the English parliament was made up of aristocrats and wealthy men. They formed alliances and majorities that were based on specific factors or loyalties. It was not until after the English Civil War that parliament began to change. During the republican years that lead up to the Commonwealth and Protectorate (1649-1660) the first English political parties began to emerge.¹⁰³ Because of this from 1678 to 1681 the constitutional crisis took place. It is recognized as the Exclusion Crisis. As a result, most members of English parliament created two parties which became known as the Whigs and the Tories.

Originally, the Whigs were a party that belonged to the liberal and reforming aristocracy. On the other hand, the Tories were in favor of royal power. In particular, during the time of Restoration of the Monarchy in 1660, the Tories supported the monarchists and the traditionalists.¹⁰⁴ However, it was the Whig Party that mainly controlled British politics during the eighteenth century. In contrast, the Tories only had a small role in Britain's political life. Eventually, this would change in the last three decades of the eighteenth century with the rise of reformism and radicalism in Europe. As a result, in 1770 the Tories re-emerged quite strongly in British politics. They were now more interested in protecting the traditions of Great Britain. The Tories wanted to promote the opportunities that had arisen as a result of the Industrial

¹⁰³Robert Eccleshall, *English Conservatism Since the Restoration; An Introduction & Anthology*, (Routledge; 1990), 272.

¹⁰⁴King Charles II of England, *Declaration of Breda 1660*, Breda, Netherlands.

Revolution together with imperialism and commercial expansion. Eventually, this would lead to conservatism and the French Revolution of 1789.¹⁰⁵

In comparison to the Tories, the Whig Party appealed to people who were invested in constitutional reforms. In 1832, the *Great Reform Act* initiated the modernization of the British Parliament.¹⁰⁶ This rebalanced parliamentary constituencies and most importantly expanded the electoral base to the middle class. By the 1850s, the Whig Party had joined with the Peelites and the Radicals to form the Liberal Party. In 1834, the Tory Party became known as the Conservative Party. As a result, the Conservative Party became torn between its traditionalists and its reformers.

Also, the political ideologies of liberal versus conservative can be recognized in the government of Australia. This divided the emancipist who were former convicts and exclusivists who were land-owning free settlers. Generally, the conservatives identified a threat with a representative government, since they were concerned with former convicts voting against their masters. Similarly, John Macarthur was a wool producer, a leader in the Rum Rebellion 1808, and a leader of the conservatives. As a result, the conservatives felt that it was their duty to lead and to protect the economic development of the colony.¹⁰⁷

¹⁰⁵T C Blanning, *The French Revolutionary Wars, 1787-1802*, (London; Arnold Publishers, 1996).

¹⁰⁶British Parliament, *Great Reform Act 1832*, London; England.

¹⁰⁷Ross Fitzgerald, and Mark Hearn, *Bligh, Macarthur and the Rum Rebellion*, (Kenthurst, [NSW]; Kangaroo Press, 1988), 144.

As well as that, William Wentworth was the first to set up the Australian political party in 1835. He demanded a democratic government for New South Wales. Before this, he had petitioned the British government for self-determination in 1827.¹⁰⁸ In addition, John Plunkett, a reformist attorney general, wished to apply Enlightenment principles to governance in the colony. Consequently, he pursued the establishment of equality under the law. Initially, he did this by extending jury rights to emancipists, then by extending legal protections to convicts, assigned servants and Aboriginal peoples. Plunkett's landmark *Church Act of 1836* was successful in disestablishing the Church of England. Then, he established legal equality between all of the churches such as Anglicans, Catholics, Presbyterians and later Methodists.¹⁰⁹

In a subsequent investigation into the specialization in the production and export of primary products, historian and educator Donald Denoon conducted a comparative study on six settler societies: Argentina, Chile, Uruguay, South Africa, Australia, and New Zealand. He focused on the economic, social, and political changes between 1890 and 1914, leading up to World War I. While the specific timeframe Denoon examines is not directly relevant to the current discussion, certain

¹⁰⁸W C A Wentworth, *Statistical Account of the British Settlements in Australasia*, London; George B Whittaker, 1824; Lewis Deer, and John Barr, *Australia's First Patriot; The Story of William C. Wentworth*, (Sydney; Angus & Robertson Ltd, 1911), 109.

¹⁰⁹T L Suttor, "Plunkett, John Hubert 1802–1869", *Australian Dictionary of Biography*, Vol 2, National Centre of Biography, Australian National University, 1967; Also known as the Bourke Act of 1831 after Governor Bourke, the Church Act was approved by the Colonial Office in 1836 and passed by the NSW Legislative Council in July of that year; the Act provided funding to the Catholic Church, the Church of England (Anglican) and Presbyterian Churches to employ clergy and erect churches.

features he attributes to these six societies during that period could be applied to Australia before 1851. These features include the establishment of military outposts with strategic significance, expansion through commercial pastoralism, early establishment of private ownership and wage labor, the ability to attract foreign capital and migrant labor, and economic dependence on Great Britain, eventually leading to a considerable degree of political autonomy.¹¹⁰

Thus Denoon cautions against relying on environmental determinism, a focus on the race of the settlers, or mere dependency as sufficient explanations based on the evidence from these six societies. He contends that a more insightful approach would involve considering the concept of a settler capitalist mode of production. According to Denoon, the Australian colonies in the nineteenth century are best comprehended as a series of loosely connected export specialists. Government representatives in Australia acknowledged that the prosperity of each colony depended on its capacity to attract loan funds and utilize them for public works that would generate revenue to service the loans.

Furthermore, the logic of dependent growth was embraced even in the face of the crippling burden of debt servicing. Denoon characterized the evolution of land ownership under settler capitalism as a process in which landowners consolidated their control, while a benevolent administration registered their titles and protected

¹¹⁰Donald Denoon, *Settler Capitalism; The Dynamics of Dependent Development in the Southern Hemisphere*, (Oxford; Clarendon Press, 1983), 54.

their property.¹¹¹ Secondly, administrators adopted a more benevolent stance only after squatters successfully resisted them, and the land-holding strategies of squatters overshadowed official blueprints.¹¹² Finally, penal transportation to New South Wales ceased in 1840, and a semi-elected Legislative Council was established in 1842. It consisted of two-thirds of its members being elected, and one-third appointed by the governor. A significant breakthrough was achieved as former convicts were now allowed to vote. However, the requirement for each adult male to own property meant that only one in five adult males had the eligibility to vote.¹¹³

With this in mind, by 1850, the settler population of New South Wales had increased to 180,000. This resulted in 1851 of a separate colony being created in the name of Victoria in order to include the additional population of 70,000.¹¹⁴ Also, in 1851, the property requirement for voters had been reduced. Therefore, by 1856, New South Wales had initiated a responsible government that had introduced a bicameral parliament. This comprised of a directly elected Legislative Assembly and a nominated Legislative Council. Consequently, the transition from martial law to civilian law took place around this time in Australia. As a result, by 1856, 95 per cent of all adult males in Sydney, and 55 per cent in the colony as a

¹¹¹Donald Denoon, *Settler Capitalism; The Dynamics of Dependent Development in the Southern Hemisphere*, (Oxford; Clarendon Press, 1983), 222.

¹¹²Donald Denoon, *Settler Capitalism; The Dynamics of Dependent Development in the Southern Hemisphere*, (Oxford; Clarendon Press, 1983), 16.

¹¹³John Hirst, *Australian History in 7 Questions*, (Victoria; Black Inc, 2016), 51–54.

¹¹⁴Lisa Ford, David Andrew Roberts, "Expansion, 1821–1850", *The Cambridge History of Australia*, Volume I, 2013.

whole, were eligible to vote. Full adult male suffrage was introduced in 1858 which offered a more robust government.¹¹⁵

In conclusion, British legislation in the Australian colony was slow to take root in part due to the great distances that separated England and the Australian colony. Since the British settlement of Australia began as a penal colony governed by a captain of the Royal Navy, initially martial law was the only law. Gradually, the penal colony expanded to include not just convicts, but also free settlers. The Australian economy was based on animal farming such as sheep, wool, fishing, whaling, trade with incoming ships, and construction using convict labor. The growth of the Australian woolen industry played a large part in creating an overseas demand for Australian wool and thereby increasing local revenue. Until the 1850s, when local forces began to be recruited, British regular troops garrisoned the colonies with little local assistance. Furthermore, British laws, rules, regulations, and procedures were creeping into the Australian colony in order to maintain law and order, enforce laws and create new settlements. Beginning in the 1820s, economic growth relied heavily upon the production of fine wool as it continued to increase its production.

By 1824, many circumstances had altered within the operations of sheep farming. In particular, the sheep were mixed with other breeds. Also, fleeces were now being manufactured differently. Trade was increasing with overseas countries. Most importantly, the British government needed revenue. According to K. Robinson, free trade was viewed as a

¹¹⁵Beverly Kingston, *A History of New South Wales*, (Cambridge; Cambridge University Press, 2006), 118–19.

compromise.¹¹⁶ However, in Britain, international free trade was taking its toll on the price of British domestic wool as local suppliers of wool were having to compete with overseas markets. As a result, every manufacturer came with a new set of demands. Laws, regulations, and policies were constantly in a state of flux. British politicians found it difficult to stay afloat in a continuous changing economy.

Eventually, Australian law would incorporate the ideas within the English 1215 Magna Carta¹¹⁷ and the English 1689 *Bill of Rights*.¹¹⁸ This action would guarantee settlers' representation of a local democratic government. Because of this, global western democracy would play an integral part in the development of the British Australian colony. Without government legislation and regulations, chaos would have ensued.

¹¹⁶K W Robinson, *Land in Economic Growth of Australia, 1788-1821*, (Melbourne; Melbourne University Press, 1969), 361.

¹¹⁷King of England John, *Magna Carta of 1215*, Runnymede, Windsor 1215, England.

¹¹⁸British Parliament, *Act 1689 Bill of Rights*.

Chapter 5

Migration of Sheep

How did the pastoral industry of Australia evolve? Chapter 5 claims the importance of sheep migration from England to Australia and that without this process the Australian woolen industry would not have been able to flourish. In 1788, Captain Phillip introduced the first sheep to Australia. Although, less than one hundred sheep began their journey at the Cape of Good Hope, only a few sheep managed to survive the journey to Australia. In 1792, the population of sheep was recorded at 105. By 1796, it had increased to 1531. In 1797, Captain Waterhouse and Captain Kent brought a few Spanish sheep to Australia from the Cape of Good Hope. However, it would be Captain John MacArthur who would become the champion of sheep breeding and wool production in Australia. As a result, it is evident that the staple product of wool allowed Australia to find its initial financial footing both locally and internationally.

Most importantly, wool played a crucial role in the economic, social, and political developments of Australia during the 1820s and 1830s. The growth of the wool industry became a cornerstone of the Australian economy. Wool emerged as a major export commodity, contributing significantly to the country's economic development. The success of wool exports attracted entrepreneurs and investors who saw opportunities in pastoralism. Large landholders, often former convicts and military officers, became significant figures in the wool industry. This prosperity brought by the wool industry contributed to a shift toward a more free-market economic system.

Although the wool trade was created initially for the benefit of British imperialism, the international wool market would relocate from Britain to Australia. This was due in part to the international recognition of Australian dominance in the wool trade. In addition, the emergence of the Australian small sheep farming together with the much-improved international transport and communications promoted the growth of the Australian woolen industry. Without a doubt, the key to the success of the Australian woolen market was the role played by the large pastoral agent firms that were initially established and supported in the Australian colony by the British government. Furthermore, once established these firms utilized their local knowledge, producer contacts, and trade specialization to defray their costs and increase revenue. As a result, Australian sheep farmers benefited from the early signals given by local markets and faster sale realization. The industry's future was secure due to Australian woolgrowers implementing innovative and sustainable farming practices. Because of this, the Australian woolen industry guaranteed a legacy for future generations.

As claimed in chapter four, wool was the focus for a large part of government legislation and administrative action both in Britain and Australia. It was the chief means of the successful spread of colonial settlement, and the pattern of that settlement. Wool was based on a highly profitable pastoral industry. And lastly, wool had a basic influence on the character of the Australian urban development, communication systems and service occupations.¹ In addition, wool had produced a substantial demand for investment funds and was an important avenue for private capital formation. Its outstanding place in the Australian

¹Alan Barnard, *The Australian Wool Market 1840-1900*, (Melbourne; Melbourne University Press, 1958), 15.

economy of the nineteenth century arose from its dominating position as an export commodity. The expansion of a substantial and highly profitable export industry fostered corresponding growth in services, encompassing not only transport and personal services but also specialized banking and marketing agencies. The significant utilization of abundant and inexpensive land resources in a new country played a substantial role in explaining the profitability and scale of Australian wool production in the nineteenth century. The fact that Australian wool, through extensive use of cheap land resources, fulfilled some of the increasing raw material demands of the European wool textile industries contributed significantly to both its profitability and its magnitude in the colonies during this period.²

Moreover, wool is not a uniform commodity. The fiber exhibits variations in diameter, softness, crimp, and elasticity, along with differences in the length and soundness of the staple. These variations, in diverse combinations, make wool suitable for various manufacturing purposes and processes. The British Wool grading system employs a classification that categorizes wool based on its style and characteristics. The style of wool is typically determined by its staple length, crimp, fineness, handle, and luster and consists of six styles:

- **Fine** with Southdown as a sub category
- **Medium** with Romney as a sub category
- **Mule** otherwise known as Crossbred
- **Luster** with Blue faced Leicester and Devon as the two main sub categories
- **Hill** with Cheviot, Fine / Medium Hill and Lonk as the three main sub categories
- **Mountain** with Welsh Mountain, Swaledale and Blackface as the three main sub categories.

²Alan Barnard, *The Australian Wool Market 1840-1900*, (Melbourne; Melbourne University Press, 1958), 16; Marie C Hedrick, *Australia's Colonial Wool Industry: A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 67.

Furthermore, the distinctions between various wool types, generated in this manner, are evident not only among sheep of different breeds, such as an Australian Merino and an English Leicester, but also within one broad breed of sheep. The term Australian wool serves as a shorthand reference to a diverse range of wool types, the composition of which underwent changes throughout the nineteenth century. Different sheep were selectively bred in various regions, diverse strains were introduced from other countries. Also, wool was presented in different forms, such as washed, scoured, or greasy. From a market perspective, these variations further contributed to the array of wool types associated within Australian production. However, Australian wool is primarily based on the Merino sheep, the characteristics of which have undergone considerable transformation. All of the varieties of sheep mentioned below had been transported to Australia or bred in Australia and are suited to the Australian climate. (Figure 10-15)

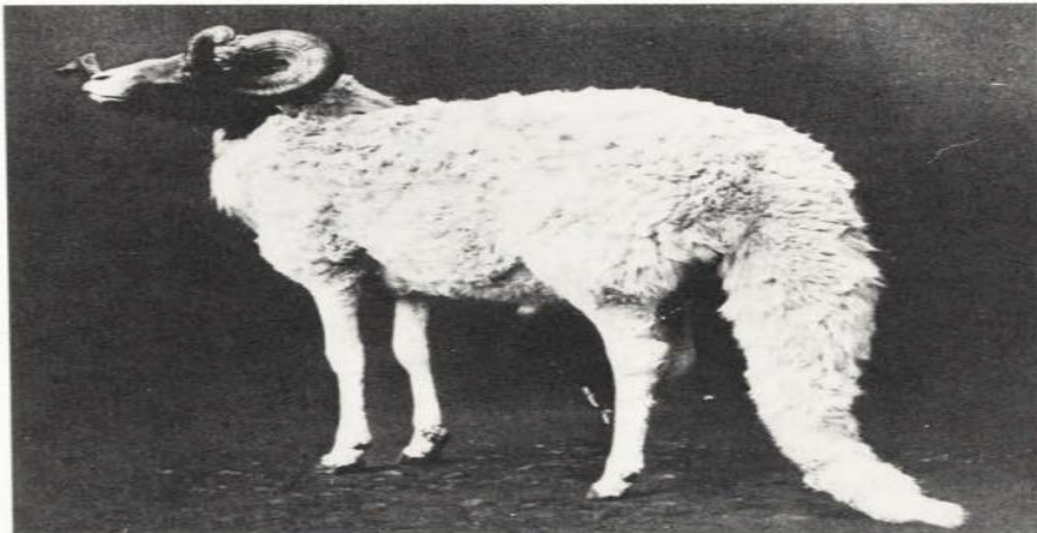


Figure 10: Afrikander fat-tailed ram.³

³J C Garran, and L White, *Merinos, myths and Macarthur's*, (Oxford; Pergamon Press Ltd, 1985),8.

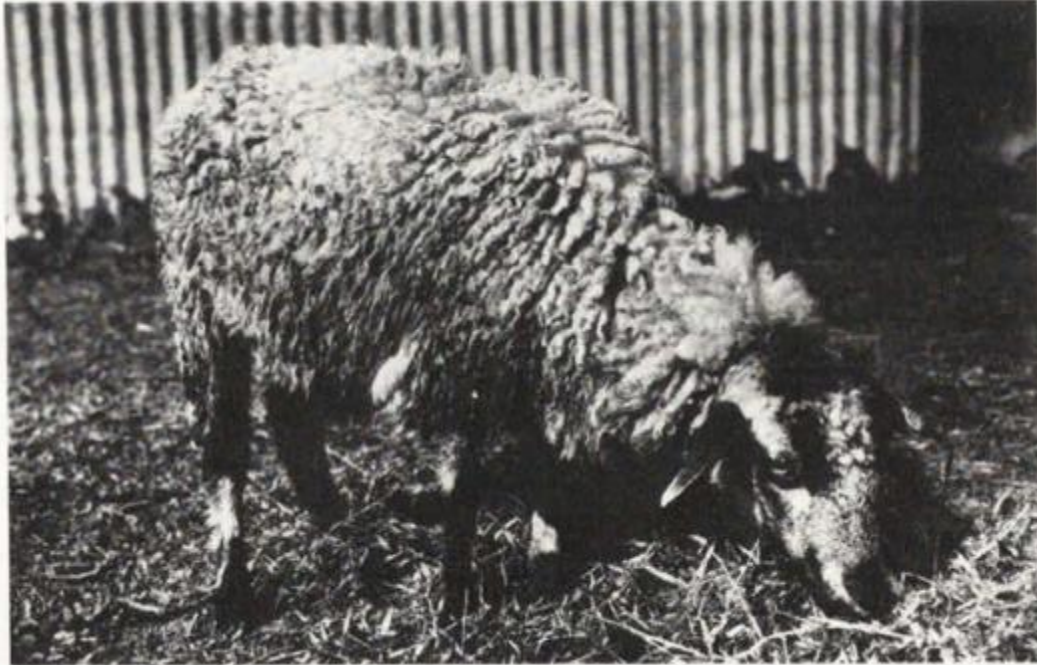


Figure 11: Modern small, prolific, native sheep from Bangladesh, where 'Bengal' sheep were shipped to the early colony.⁴



Figure 12: Early South African Merino ram.⁵

⁴J C Garran, and L White, *Merinos, myths and Macarthur's*, (Oxford; Pergamon Press Ltd, 1985), 9.

⁵J C Garran, and L White, *Merinos, myths and Macarthur's*, (Oxford; Pergamon Press Ltd, 1985), 9.

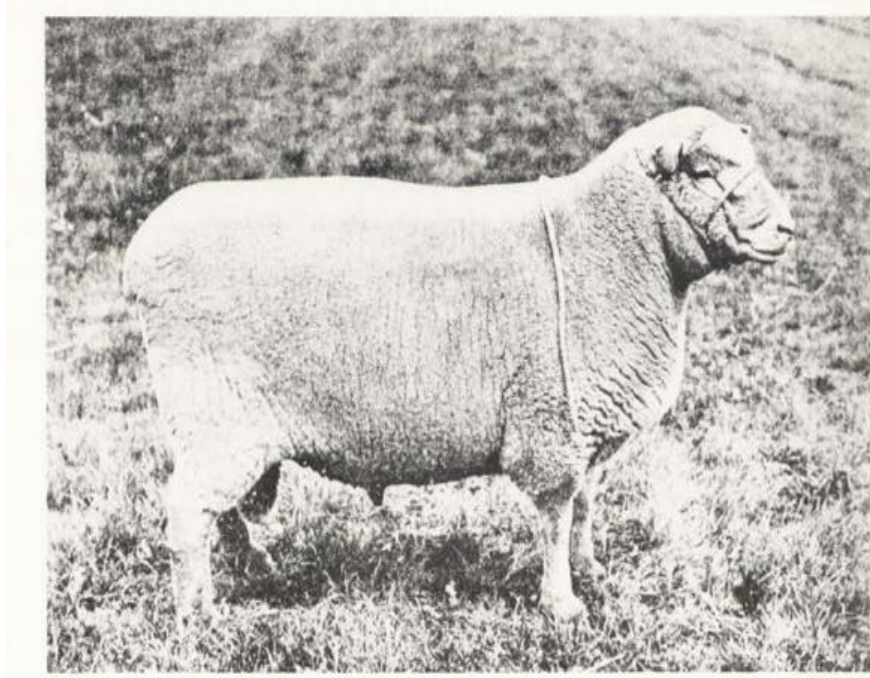


Figure 13: Southdown ram.⁶

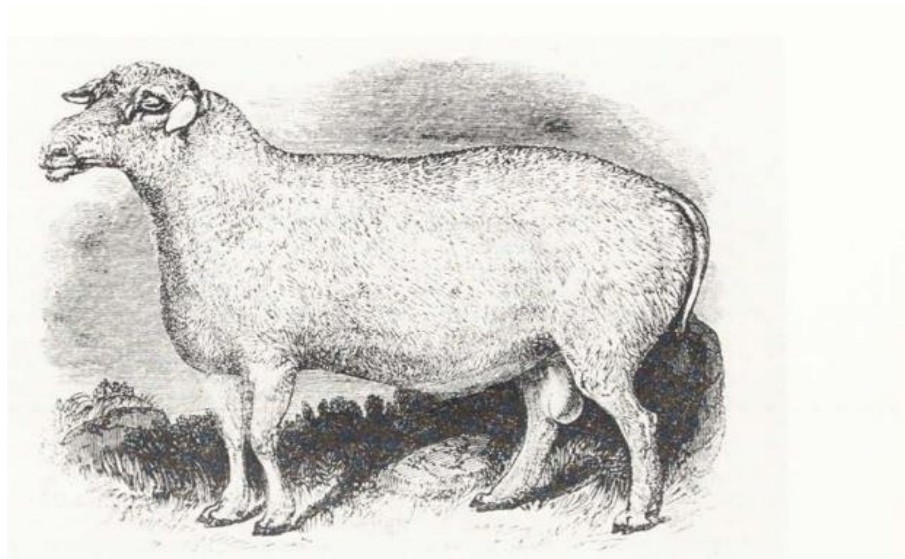


Figure 14: Teeswater ram.⁷

⁶J C Garran, and L White, *Merinos, myths and Macarthur's*, (Oxford; Pergamon Press Ltd, 1985), 10.

⁷J C Garran, and L White, *Merinos, myths and Macarthur's*, (Oxford; Pergamon Press Ltd, 1985), 10.



Figure 15: First cross Afrikaner x Merino sheep, in South Africa.⁸

At this time, there was very limited physical equipment supplied for starting a new settlement. Seeds for crop cultivation and inferior equipment had been loaded onto the First Fleet while docked in Portsmouth, Britain. However, farm animals, such as sheep, had to be purchased along the way at such places as the Cape of Good Hope. This was an important economic decision made by the British government to bring South African sheep to Australia for several reasons. First, South Africa was the last port of call before reaching Botany Bay, New South Wales. Second, South African sheep were well suited to the Australian semi-arid environment. Also, they produced excellent wool. Third, initially Britain had endeavored to transport merino sheep directly from England. However, they had either not survived the

⁸J C Garran, and L White, *Merinos, myths and Macarthur's*, (Oxford; Pergamon Press Ltd, 1985), 11.

journey or the hot climate in Australia and therefore became unsuitable for production of wool in Australia.

Many historians have conferred with historian Alfred W. Crosby and his central thesis on European expansion. According to Crosby, Europe's expansion was due to biological reasoning, not just a superior military force. He argues that the establishment of overseas colonies such as Anglo-America, Australasia, and Latin America should be identified as 'Neo-Europe.'⁹ Crosby goes on to explain that their success was based upon the plants, animals, and pathogens that were brought by European explorers and colonists to the new lands. Consequently, they would be able to defeat any unknown species. Crosby has been identified as a biological determinist. He discusses animals and the advantages of bringing already known European animals from the old world to the new world such as Australia and New Zealand.¹⁰

In addition, Crosby explains how the animals in Australia are inferior to the European animals since they do not have the same qualities or characteristics. Also, Crosby utilizes the theory of the scientist, Paul S. Martin to support his arguments on the concept of Neo-Europe.¹¹ With respect to Australia, this discussion places the Aborigines on the one hand and the European invaders on the other but not just as adversaries. The argument put forth is that

⁹Alfred W Crosby, *Ecological Imperialism; The Biological Expansion of Europe, 900-1900*, (Cambridge University Press, Cambridge, 1986), 280, 368.

¹⁰Alfred W Crosby, *Ecological Imperialism; The Biological Expansion of Europe, 900-1900*, (Cambridge University Press, Cambridge, 1986), 270.

¹¹P Martin, Africa and Pleistocene Overkill, *Nature* 212, 1966, 339–342; Alfred W Crosby, *Ecological Imperialism; The Biological Expansion of Europe, 900-1900*, (Cambridge University Press, Cambridge, 1986), 173.

there are two waves of invaders that belong to the same species. The first wave of invaders will act as shock troops clearing the way for the second wave of invaders.¹² With reference to Australia, there is evidence to support this statement. With regard to the first wave, Britain utilized the Royal Navy to secure a path for the second wave of convicts and then free settlers. The second wave was then able to freely enter Australia and establish a homestead without any local interference from the natives.

Because Australia was colonized later in the 18th century, explorers were able to refer to scientists as their guide and utilize their inspirations such as Charles Darwin who maintained the argument of survival of the fittest. Darwin maintained that the only way for a new species to be successful in a new land was to modify the old European native ways. Darwin argued that the new species should have some advantages over their competitors or enemies so that the new species numbers would be able to increase in the new lands. Evidence of this can be identified with the modification and importation of the various classification of sheep into Australia which eventually thrived. This fitted perfectly into the ideology of the Explorers who wished to conquer additional new lands.¹³

For example, the first successful livestock imported into the colony was in 1778. Captain Phillip and other officers were allowed to purchase these animals with monies authorized by the British government. As a result, it was normal for naval officers to engage

¹²Alfred W Crosby, *Ecological Imperialism; The Biological Expansion of Europe, 900-1900*, (Cambridge University Press, Cambridge, 1986), 280.

¹³Charles Darwin, *On the Origin of Species*. November 24, 1859, 502; Alfred W Crosby, *Ecological Imperialism; The Biological Expansion of Europe, 900-1900*, (Cambridge University Press, Cambridge, 1986), 218.

in commercial enterprises. Consequently, Captain Phillip had demonstrated this initiative by his purchases of livestock. The livestock that Captain Phillip purchased on behalf of the British government included one stallion, three mares, three colts, six cows, two bulls, forty-four sheep, four goats and twenty-eight hogs. Other officers followed suit in order to build up their provisions for the journey to the Australian colony. In addition, livestock would be a necessity for survival throughout the passage to the new colony and for stocking their assigned farms upon arrival in the colony. Both crew and passengers were determined to live on salt provisions in order to preserve the livestock and supplies for use upon arrival in the Australian colony.¹⁴

Furthermore, while the First Naval Fleet was stationed in Cape Town South Africa, John Easty who was a seaman on board the ship, described in his diary that sheep were very inexpensive to purchase in the Cape. Easty refers to the Cape's sheep's tails as the longest tails in the world. In addition, Easty states that sheep grew to fourteen or sixteen pounds in Cape Town.¹⁵ There are two types of Cape or Afrikaner sheep. In particular, Easty documents the Namaqua species. The Ronderib and the Namaqua were the original sheep found when European settlers first settled in South Africa. However, the Namaqua sheep eventually became extinct. In particular, they were easy to recognize due to their long fat tails while the Ronderib sheep has a rounder compact tail reaching down to their ankles.¹⁶ In order

¹⁴John Hunter, *An Historical Journal of Events at Sydney and at Sea 1787-1792*, 21.

¹⁵John Easty, *Memorandum; Transactions of a Voyage from England to Botany Bay, 1787-1793*, 56-57.

¹⁶John Easty, *Memorandum; Transactions of a Voyage from England to Botany Bay, 1787-1793*, 56-57.

to corroborate these findings, there are paintings of the Cape sheep around 1811 that illustrate white sheep with relatively broad fat tails such as the Ronderib.¹⁷

As well as that, John Barrow, who was the founder of the Royal Geographical Society had travelled extensively throughout South Africa. In 1801, Barrow described the Cape's sheep characteristics as having different shades of color such as black, brown and spotted. The sheep's necks were small and extended with long ears. They weighed from sixty to seventy pounds. Barrow refers to the wool produced from these sheep to be similar to frizzy hair.¹⁸ However, contrary to Barrow's reference to the wool produced as similar to frizzy hair, a Dutch farmer confirmed that the sheep had an outer hairy coat with a well-developed inner coat. This description given could only originate from a sheep farmer experienced in producing wool. In confirming this statement, many of the primitive types of sheep have this wooly undercoat which would have been present in the Cape sheep of the 1790s. It is also found today in Afrikander sheep.

In addition, seventeen years earlier, Captain James Cook of the British Royal Navy was in Cape Town in April, 1771. Cook advised that the sheep around the Cape were clothed with wool and hair. They had very large tails, with some weighing twelve pounds or much larger. As a result, Cook had shown a profound interest in the development of the sheep of the Cape and the concept of wool production.¹⁹

¹⁷John Easty, *Memorandum; Transactions of a Voyage from England to Botany Bay, 1787-1793*, 56-57.

¹⁸John Barrow, *An Account of Travels into the Interior of Southern Africa, in the Years 1797 and 1798*, vol 1, 116-17.

¹⁹J C Garran, and L White, *Merinos, myths and Macarthur's*, (Oxford; Pergamon Press Ltd, 1985), 27.

Subsequently, as First Royal Fleet left Table Bay, Cape Town in Southern Africa with at least five hundred different kinds of animals on board, Captain Phillip referred to how excited the crew and passengers felt about the idea of Noah's Ark offering a new Christian beginning in a new land.²⁰ According to Genesis 7: 1-4, Noah's Ark was a ship that is built so that God can save Noah, his family together with all of the world's animals from a global flood.²¹ Obviously Captain Phillip, a Christian who was a member of the Church of England, confirms in his statement of Noah's Ark that already known familiar species were necessary for the continuation of life in the new colony.

Unfortunately, not all of the livestock purchased in Cape Town made it to the new colony. Many died during the passage. It was on January 30th, 1788 that the livestock disembarked the Royal First Fleet at Sydney Cove in Australia. The surviving animals included one hundred sheep, six head of cattle, goats, pigs, rabbits, turkeys, geese, ducks and fowls.²² According to the Surgeon General at that time, Arthur Bowes, their numbers were greatly reduced just one week later. In particular, several incidents had occurred that had caused the deaths of sheep. There had been severe storms that included flashes of lightening. It was one of these lightning strikes that had struck a large tree near the center of the camp killing five sheep belonging to Major Ross. Also, there had been an additional loss of four

²⁰Arthur Phillip, *The Voyage of Governor Phillip to Botany Bay*, Adelaide; Libraries Board of South Australia, 1970, 20; London; Piccadilly, John Stockdale, 1789, 20, British National Archives C 47, I,10.

²¹*The Bible*; Authorized King James Version, Oxford UP, 1998; Jerry Falwell, *The Annotated Study Bible; King James Version*, (Nashville; Thomas Nelson, 1988).

²²Arthur Phillip, *The Voyage of Governor Phillip to Botany Bay*, (Adelaide; Libraries Board of South Australia, 1970), 20; London; Piccadilly, John Stockdale, 1789, 20, British National Archives C 47, I,10.

more sheep due to unhealthy sanitary conditions. And additional sheep had been killed either unintentionally or by the native aboriginals. As a result, the sheep were not surviving, deaths of sheep were occurring daily.

Furthermore, when the Naval Fleet had first arrived in Sydney Cove, the Australian colony was found to be covered in a thick scrub. Interestingly, this is similar to the vegetation in present day Kuring-Gai Chase National Park, just outside Sydney's central business district. This land is totally unsuitable for sheep farming and the devastation of the entire flock would ensue if proper grazing land for sheep was not secured. By the following July, of the approximately one hundred sheep that had been brought from the Cape, only twenty-nine sheep remained. In the September, Captain Phillip documented that of the seventy sheep that he had purchased at the Cape, either from his own personal account or from the British Government's account, only one sheep had survived. Phillip argued that it was the rank grass found under the trees that had led to the death of so many sheep.²³

More importantly, there was no one on board the First Fleet who had any agricultural experience, except for Captain Arthur Phillip. Prior to the voyage of the First Fleet, Captain Phillip had retired from the military. He owned and worked a gentleman's farm which was located in Hampshire, England. When he was recommissioned by the Royal Navy, he took with him his personal servant, Henry Dodd, to New South Wales who by chance was an

²³Arthur Phillip, *The Voyage of Governor Phillip to Botany Bay*, Adelaide; Libraries Board of South Australia, 1970, 338; London; Piccadilly, John Stockdale, 1789, British National Archives C 47, I,10.

experienced farm hand. Dodd would become the only free man who could be employed and paid by the British government to farm the lands in New South Wales.²⁴

Because of the lack of farming experience in the colony, settlers were forced to learn how to farm on a daily basis and as a result, it became a work in progress. Experience was gained as they cultivated and managed the land. Many of the agricultural practices learnt in Britain were not suitable under the Australian farming conditions such as the length of daylight, heat, and the amount of rainfall. It would be up to the new settlers who would arrive later in the colony, such as Reverend Samuel Marsden, Elizabeth Macarthur and Lieutenant John Macarthur, to take up the initiative in endeavoring to solve some of these issues. Once they understood how to manage farming in Australia, they could then begin to build the Woolen industry.

Many of the early sheep that were brought to the new colony were very strong. Nevertheless, they could not withstand the severe droughts, the inadequate pastures, and the excessive rainfalls found in the Australian colony. In addition, there was a spread of internal parasites as damp climate promoted their growth. As a result, diseases were very common throughout the colony. Initially, they were spread by penning sheep during the night in fixed folds in order to protect them from attacks by wild dogs. Without a doubt, disease became one of the main factors that pushed farmers inland when the losses of their sheep became too great.

²⁴Arthur Phillip, *The Voyage of Governor Phillip to Botany Bay*, Adelaide; (Libraries Board of South Australia, 1970), 20; (London; Piccadilly, John Stockdale, 1789), 20, British National Archives C 47, I,10.

Also, for the following three years the colony found themselves on the brink of starvation due to famine and other additional hardships. Captain Phillip was the only officer who believed that the colony would survive. In addition, any sheep that had survived the journey were slaughtered for food. Furthermore, Lieutenant Watkin Tench who was visiting Rose Hill, just outside Sydney in November 1790 recorded that there were no sheep, horses, or cows to be seen.²⁵

Consequently, in order to keep the colony alive, further provisions were dispatched from England. As the British government was funding the creation of a new Australian colony, this was considered a 'top down' operation. Also, the British Navy were controlling all movements as directed by Lord Sydney on behalf of the British government.²⁶ On March 15, 1791 *HMS Gorgon* left Portsmouth, England bound for Port Jackson in Sydney, Australia. On board, they had thirty-one male convicts. As was now routine, they stopped in the Cape for six weeks in order to stock up on additional supplies and provisions. The livestock that were secured included sixty-eight sheep, three bulls, twenty-three cows, and eleven hogs together with additional items that were purchased. P. G. King, who would later be appointed Governor of New South Wales, confirmed to Sir Joseph Banks that again a number of animals were lost during the passage from the Cape to the colony. However, King confirmed that there

²⁵W Tench, *A Complete Account of the Settlement at Port Jackson*, (London; G Nicol and J Sewell, 1793,) 194.

²⁶British Parliament; *Acts passed in 1703, 1705, 1740 and 1779*.

were at least sixty ewes grazing in the Park at Parramatta, Sydney. They appeared to be quite sleek and flourishing.²⁷

Furthermore, the sheep that survived the passage of *HMS Gorgon* to the new colony appeared to have several characteristics of the Ronderib breed. For example, there is genetic evidence that gives some credence to this claim. The Ronderib breed were considered to be among the foundation stock of the colony as the twisted tail still occurs among the Australian flocks. The marking of the Merino lambs offers a definite twist or kink in the tail. Garran's data suggest that two lambs out of one thousand lambs have this kink. It is this kink that confirms the evidence of distant ancestry.²⁸

Besides the fat tail sheep had the ability to store nourishment which explains how they survived the journey from the Cape to the new colony. As a result, the sheep on the *HMS Gorgon* were sent to Parramatta once they arrived in the colony. Because of this, they increased in their numbers. In contrast to the first sheep that had not survived at Sydney Cove, the flock in Parramatta was expanding. However, Captain Phillip noted six months later as the first lambs were due to have been born that the Cape ewes had grown too fat too breed. Consequently, Phillip stated that English ewes would be much better to use for breeding in the new colony than the Cape ewes.²⁹ In addition, when the ewes were eventually brought from India, those particular ewes were successful crossed with the Cape rams. As is evident, the

²⁷Phillip Gidley King, *Correspondence to Sir Joseph Banks, 25 October 1791*.

²⁸J C Garran, and L White, *Merinos, myths and Macarthur's*, (Oxford; Pergamon Press Ltd, 1985), 27.

²⁹Arthur Phillip, *Correspondence to Henry Dundas, 19 March 1792*, HRA, I, i, 338.

British government were aggressive in their economic decisions to identify a species that would be suitable to the Australian climate and more importantly so that the species would be profitable.

Towards the end of 1791, Captain Phillip ordered the *Atlantic* to sail to Calcutta, India to replenish supplies and purchase new livestock. Twenty sheep, consisting of two rams and eighteen ewes together with other livestock were purchased and loaded onto the *Atlantic*. Six months later, when the *Atlantic* returned to Sydney in June, 1792 only twelve of the sheep survived the journey.³⁰ Some of the sheep were relocated to Norfolk Island where the lands were considered more suitable for sheep farming and other means of agriculture. In addition, in 1793, the Governor granted Macarthur one hundred acres in Parramatta, Sydney. As a result, Macarthur was very successful in creating the Elizabeth sheep rearing farm which remains in existence to the present day. Macarthur was very fortunate in this new colony as he had just been appointed Paymaster of the NSW Corps and Inspector of the Public Works. This allowed him to have complete control over the colony's resources. At that time, he had unrestricted access to convict labor which he was able to utilize in the daily operations of his sheep rearing farm.

Also, in order to supply the new convict settlement with fresh meat, African and Indian native sheep were imported from the Cape of Good Hope and Bengal.³¹ These sheep were crossed in order to produce a coarser hair-woolen strain. But some of the more foresighted

³⁰Arthur Phillip, *Correspondence to Henry Dundas*, 2 October 1792, HRA, I, i, 373.

³¹G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971), 18.

settlers, including John Macarthur, realized that the colony needed a profitable export trade. Macarthur found that fine wool was the commodity most likely to fulfill these requirements.³² In 1797, a small consignment of Spanish Merino sheep was brought to New South Wales from the Cape of South Africa by Captains Waterhouse and Kent. These sheep were taken over by Captain John Macarthur, the Rev. Samuel Marsden, William Cox and others. They provided the foundation for the Merino sheep and the wool industry of Australia. In addition, both Macarthur and Marsden included in their pure-bred flocks Merinos from the predominately Negretti flock. These particular merino sheep were once owned by George III and they were housed at Windsor Park. Captain John Macarthur's flock was kept on his farm at Camden Park, just outside Sydney.

Although there were over sixteen million sheep in Australia by 1850, not all of them were merinos. This was because during the second half of the 19th century, Australian merino breeders began to intensively crossbred their sheep with other international merino bloodlines. This resulted in larger, stronger sheep that could grow up to 10 times more fleece than the original variety. Their wool was finer, denser, cleaner, more elastic and stronger, and thus better for manufacturing into cloth. This strain of sheep farming that Macarthur maintained has remained intact until the present day. As a result, comparisons can be made with other types of Australian Merino.³³

³²M L Ryder, and S K Stephenson, *Wool Growth*, (London; W S Cowell, Ltd, 1968), 88.

³³M L Ryder, and S K Stephenson, *Wool Growth*, (London; W S Cowell, Ltd, 1968), 89.

Subsequently, the colony had reached a turning point in that hunger was no longer a primary concern. A new focus emerged and was implemented in promoting and expanding the economy within the colony. Because of this, the economy began to flourish. British civil and military officers were able to take advantage of this up growth since they were paid in British sterling. One such officer, John Macarthur began to dominate the import of trade. Up to this point, the British government had been the major source of British currency in the colony. However, Britain was now eager to reduce its expenditure immediately. Between 1798 and 1800 the treasury bills issued by the governor had averaged £31,000 a year. However, when King became governor from 1800-1806 the treasury bills issued averaged around only £15,000 a year. As a result, traders were unable to function. Because of this, they were unable to sell goods that they had imported, and prices fell. Consequently, imports were curtailed. Because of the colony's shortage of funds, in 1800 Macarthur decided to sell his sheep to the government.³⁴

As a result, during the early years of development in the Australian colony there had been both physical and economic constraints placed on how the woolen industry could be developed locally. Several hurdles were put in place by the British government to delay fine wool production by various policies enacted in the colony. Many had surmised that when the Merino sheep arrived in Australia in 1797, that farmers would produce fine wool immediately. However, it was not until Macarthur had presented his plan to the British government in 1803 that the British government were prepared to consider the dynamics of

³⁴D B Hainsworth, *Builders and Adventurers; The Traders and the Emergence of the Colony, 1788-1821*, (Melbourne; Cassell Australia, 1968).

producing wool in Australia. Up to that point, Britain had the supremacy on the production of wool. In addition, Britain had enacted policies to safeguard their woolen industry for hundreds of years. Furthermore, Britain did not intend to give up those policies easily. In fact, Britain continued to produce more wool than Australia up to 1870.

Moreover, Britain had made it clear from the inception of New South Wales, that they were a colony of Britain. The colony was settled for British purposes only. Evidence of this claim was confirmed in an 1802 dispatch from the British government, Lord Hobart to Governor King in the colony. It confirmed that the British government did not want to encourage the growth of fine wool or the exportation of such a product as it would inevitably be in competition with the sale of British wool. For example, in one such British government dispatch, Lord Hobart suggested that the Australian sheep farmers should focus on producing a coarser cloth to be consumed locally.³⁵ Also, as J. T. Bigge was completing his report on agriculture in 1823, the same message was relayed to him by the British government with regard to the development of the woolen industry in Australia. The British government was not interested in developing the woolen industry in Australia. Export of wool from Australia to Britain should be in its raw state only. Then, the British government will manufacture that product and return it its manufactured state to the colony or substitute other products for the raw materials received.³⁶

³⁵Robert Hobart, *Correspondence; Lord Hobart to King, 29 August 1802*, HRNSW, iv, 825.

³⁶John Thomas Bigge, *Report of the Commissioner of Inquiry on the State of Agriculture and Trade in the Colony of New South Wales*, (London; 1823), 53.

Despite Britain's non-interference policy in the British Woolen industry and wanting to be able to dispose of the convicts shipped to the colony, Macarthur's land grant was approved to utilize the labor of the convicts. As owners of the first successful sheep rearing farm in the Australian Colony which had over fifty acres cleared and cultivated, Macarthur was granted a further one hundred acres by the British government. The Macarthur's worked tirelessly in order to expand their pure merino flock so much so that by 1803 their flock numbers had grown to four thousand sheep.³⁷

On the other hand, John Macarthur was absent from the Australian colony for several extended periods of time. Especially during the years of 1801 – 1805 and 1809 – 1817, Macarthur was in England defending charges of misconduct. At the same time, he was also trying to avoid arrest in Sydney, Australia. However, the running of the Elizabeth Farm was left up to his wife Elizabeth and to Macarthur's nephew, Hannibal Hawkins Macarthur, in order to develop and manage the flock together with increasing the wool production.³⁸ Up to this point, the pure-bred Merino sheep remained low in numbers for several years. Even though at this time Macarthur and Marsden, in particular, made efforts to develop a wool trade with Britain. Because of this, in 1807 the first commercial shipment was created. The

³⁷John Macarthur, *Correspondence Macarthur Family Papers*; Vol 2, John Macarthur, Letters to Mrs. Macarthur 1808-32, ML A2898; Vol. 3, John Macarthur, Letters to his sons 1815-32, ML A2899; Vol 15, John Macarthur jnr, Correspondence 1810-31, ML A2911; Vol. 16, Edward Macarthur, Letters 1810-1868, ML A2912; Vol 37, Sir William Macarthur, Letter books 1844-74, ML A2933; Vol 67, Livestock, Miscellaneous papers 1814-84, ML A2963; Vol 68, Wool Correspondence and Misc, 1803-66, ML A2964; Vol 69, Wool Sales 1818-83, ML A2965, Vol 70, Wool Shipments 1817-27; Descriptions of Fleeces 1836-44, ML A2966; Vol 103, Papers, N.S.W. Corps, Cash book 1789-92 with Returns of sheep and cattle 1813-1819, ML A2999.

³⁸Elizabeth Macarthur, *Pioneer of the Fine Wool Industry 1766-1850*.

first bale of Australian wool for sale was sent to England in 1807. It was auctioned at Garraway's Coffee House in London where it sold for ten shillings four pence per pound.³⁹

Undoubtedly, the increased revenue received for the wool was good and became a major turning point. Because of this success, the foundation was laid for an Australian wool export industry. Early statistics show that sheep numbers in the colony increased from 29 in 1788 to 6,124 by 1800.⁴⁰ The early success of wool crops grown by Macarthur and Marsden inspired many free settlers. Also, the issuing of land grants from 1792 attracted new settlers. However, this system of land division would cease in the 1830's when the Government established auctioning. It was around this time that discussions began as to the potential of wool as an export industry from the colony. Initially, shipments were small in numbers for many years.

In particular war in Europe, attacks on ships by the French and an American Embargo Act created financial despair. Merchants who were already established in India endeavored to recover their losses by increasing their trade with New South Wales. However, Macarthur was not experienced in economic competition. As a result, he suffered severe losses in trading and he needed to consider several options to keep the sheep farm operations up and running. It was at this point that Macarthur was forced to develop a business plan for producing wool since he was the owner of large landholdings. Fortunately, by 1813, Australia's first

³⁹John Macarthur, *Correspondence Macarthur Family Papers*, Vol 68, Wool Correspondence and Miscellaneous, 1803-66, ML A2964; Vol 69, Wool Sales 1818-83, ML A2965, Vol 70, Wool Shipments 1817-27.

⁴⁰M L Ryder, and S K Stephenson, *Wool Growth*, (London; W S Cowell, Ltd, 1968), 90.

commercial shipment of wool from Elizabeth Farm docked in England. It was valued at more than £8,000, based on the previous sale price.⁴¹

Although the New South Wales colony settlement began in Sydney in 1788, because of the steepness of the Blue Mountains it was not until 1813 that a route to the west was discovered. Fortunately, it was only the eastern edge of the Blue Mountain range that is rugged. When the explorers Gregory Blaxland, William Charles Wentworth, and William Lawson reached the top of the Blue Mountains, they discovered a rolling plateau that slopes gradually westward. After traveling inland for two hundred miles, they reached the central plains. Blaxland confirmed that the pasture was excellent for sheep grazing and for the production of wool. In fact, Blaxland went on to say that there was so much forest and grassland that he anticipated that it would support the animals of the colony for the next thirty years.⁴²

Consequently, the Merino sheep would soon follow the route discovered by the explorers out onto the western slopes and then finally to the plains of New South Wales.⁴³ Evidence of this can be seen in the installation of a new railway track by 1815. It ran from Sydney, Australia to the Blue Mountains. Then sheep were transported over the blue mountains onto the grass filled plains. As a result, in the short-term production levels of wool

⁴¹John Macarthur, *Correspondence Macarthur Family Papers*, Vol 68, Wool Correspondence and Miscellaneous, 1803-66, ML A2964; Vol 69, Wool Sales 1818-83, ML A2965, Vol 70, Wool Shipments 1817-27.

⁴²Jill Conway, "Blaxland, Gregory (1778–1853)", *Australian Dictionary of Biography*, Vol 1, National Centre of Biography, Australian National University, 1966.

⁴³Henry B Smith, *The Sheep and Wool Industry of Australia and New Zealand*, (Melbourne; Whitcombe and Tombs Limited, 1929), 4.

increased immediately. So much so that by the 1820s there was a push for the sheep grazing industry to move over into the Blue mountains and continue to increase in their sheep numbers.

Because of this, shortly after the Blue Mountains had been opened, exploration teams began moving into the northern and southern areas of the country. In 1824, explorers such as Hamilton Hume and William Hovell traveled south from Sydney. Then, they crossed the Murray River to open up some of the richest county in the Australian continent. Their initial assessment of the land was that it would be highly suitable for sheep grazing.⁴⁴ This later proved accurate and, judging by the results of wool production in later years, almost an understatement.

Furthermore, wool was fast becoming the most dominate export industry from 1820 onwards. The Australian Bureau of Statistics confirmed that the growth of the woolen industry in 1816 was at 75,000 sheep and by 1850 it had grown exponentially to 160,000 sheep. Also, the colony's growth per annum was recorded at twenty-six percent. Interestingly, wool production grew faster than the population growth which was at fourteen percent between 1818 and 1850. However, both the numbers of sheep and the population did grow rapidly but the sheep numbers were much faster. Sheep numbers doubled every three years while population doubled every 5.3 years. Consequently, by 1849 Australia was selling more wool to Britain than the rest of Europe combined.⁴⁵ (Figure 16). Also, in 1831 British imports

⁴⁴Harry Sowden, *Australian Woolsheds*, (Melbourne; Cassell Australia Ltd, 1972), 15.

⁴⁵Australian Bureau of Statistics, *Wool Trade 1820-1850*, Sydney NSW; John Dunmore Lang, *An Historical and Statistical Account of New South Wales, Both as a Penal Settlement and as a British Colony*, 2 volumes, (London; Sampson Low, Marston, & Co 1837).

from Australia were calculated at six percent and Germany was at seventy-one percent. On the other hand, by 1850 British imports from Australia were recorded at fifty-three percent and Germany was recorded at thirteen percent. This documented statistical data confirms the enormous growth in the Australian Woolen Industry during the period of 1820-1850. It also changed the perception of Australia from a penal colony to a free market economy which was recognized as a viable competitor in the international marketplace.

Wool Exports per Capita



Figure 16: Australian Bureau of Statistics. *Wool trade, 1822-1850; Years ended 31 December*. Wool exports relate to New South Wales and the Port Phillip District only.⁴⁶

⁴⁶Australian Bureau of Statistics, *Wool Trade 1820-1850*, Sydney NSW; John Dunmore Lang, *An Historical and Statistical Account of New South Wales, Both as a Penal Settlement and as a British Colony*, 2 volumes, (London; Sampson Low, Marston, & Co 1837).

Initially, there was only one colony namely New South Wales and this incorporated all the lands of Australia including the island of Van Diemen's Land (present day Tasmania). In 1803 the British established a settlement in Van Diemen's Land under the jurisdiction of the New South Wales governor Phillip Gidley King. Evidence of this claim can be confirmed when the Governor King instructed Lieutenant John Bowen to set up a British military outpost on the eastern shore of the Derwent river. This action was put in place in order to halt any French explorers from laying claim to the island.

Therefore, all laws and regulations that applied to New South Wales were applicable to Van Diemen's Land and consequently, it developed in tandem with the Australian mainland. Also, Van Diemen's Land island became a well-known location for the transport of British convicts. The island is known for its very harsh environment and isolation. Britain chose this location because it was difficult for convicts to escape. Examples of the famous British penal settlements on the island are Macquarie Harbor and Port Arthur. In particular, the Macquarie Harbor penal settlement was built around the harbor and the prison became known as a place of "extreme physical and mental torture."⁴⁷ According to Robson, the commissariat store which was owned by the government was the only avenue open for free market exchanges between government officials. They were allowed the freedom of exchange together with a few entrepreneurial free settlers.⁴⁸

⁴⁷T F Flannery, *The Future Eaters; An ecological history of the Australasian lands and people*, (Chatswood; New South Wales, 1994).

⁴⁸L Robson, *The Tasmanian story*, (Oxford; Oxford University Press, 1987), 8.

The steady flow of free settlers and the creation of private markets helped spur the economic development in Van Diemen's land. As a result, by 1825 Van Diemen's Land became a separate colony. In addition, as convicts were freed from their prison sentence, they began to cultivate the island's agricultural land. However, according to R. M. Hartwell confusion arose over the issuing of land grants, acquisitions, and leases on the question of ownership and property rights. Because of this, the government was mandated to issue the 1831 Rippon regulations that replaced land grants with land sales.⁴⁹

In particular, the soil is very fertile in Van Diemen's land. It was suited to the production of wool. As a result, the plains of the northern midlands produced high quality wool. Then, it was exported back to the mills in England. The cost of transporting wool was advantages to Britain in comparison to other European sources. Van Diemen's Land economy grew exponentially from 1820 – 1850 due to the export of international wool. By 1850, almost seventy percent of the seventy thousand population were either emancipated convicts or free settlers. More importantly, 4.2 million acres had been assigned for agricultural purposes. Of that figure, there were 1.7 million sheep in existence. Over the previous four decades, the islands economy had gone from a prison farm to a healthy free colonial market. On the other hand, the islands economic prospects were limited due to the constant shortage of financial and physical capital.⁵⁰

⁴⁹R M Hartwell, *The Economic Development of Van Diemen's Land 1820–1850*, (Melbourne; Melbourne University Press, 1954), 32; Frederick John Robinson, *Rippon Regulations 1831*, 1st Earl of Ripon.

⁵⁰R M Hartwell, *The Economic Development of Van Diemen's Land 1820–1850*, (Melbourne; Melbourne University Press, 1954), 32.

Nonetheless, the introduction of fine-woolen Merino sheep to Tasmania occurred in 1820 under the influence of Lieutenant-Colonel Sorell. Acquiring three hundred Merino lambs from Macarthur's flock, the Governor distributed these sheep among the settlers around Hobart Town. This allocation was depended upon the trustworthiness and agricultural proficiency of the settlers.⁵¹ Furthermore, in 1825, the establishment of the Van Diemen's Land Company played a pivotal role in the advancement of the sheep industry. The company received a charter granting 325,000 acres of land, and by 1830, it possessed 6,129 well-bred sheep. Many of these sheep were acquired from Germany and George III's Spanish Merino flock.⁵² This influx of sheep led to Tasmania being later dubbed the 'Merino Stud of the World.' However, Tasmania did not remain solely a grazing area for long, as larger estates were subdivided to create progressively smaller holdings.⁵³ The transformation in the scale of operation was evident in the configuration of sheep flocks, homesteads, and woolsheds.

Most importantly, one of the first settler's to begin sheep farming in Victoria, was Edward Henty (brother to Thomas Henty), who met with enormous success. The settlement at Portland Bay was owned by Mr. Thomas Henty, (Edward's brother), of Launceston, in 1834, and was the earliest instance of colonization within the boundaries of Victoria. In 1834 Thomas Henty had over 100 sheep grazing on his land. By 1840 there were 780,000 and by

⁵¹Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 72.

⁵²Alan Barnard, *The Simple Fleece; Studies in the Australian Wool Industry*, (Melbourne; Melbourne University Press, 1962), 85.

⁵³Alan Barnard, *The Simple Fleece; Studies in the Australian Wool Industry*, (Melbourne; Melbourne University Press, 1962), 2.

1851 over 6 million. The country around Portland was well suited for both pasture and agriculture.⁵⁴ In particular, explorer Major Thomas Mitchell told Edward Henty in 1836 about the very rich pastures on the banks of the Wannon River. As a result of that conversation, Henty settled there and called it Merino Downs. It was not long before news of these rich southern pastures spread. Large numbers of grazers from New South Wales moved their flocks south across the Murray River to establish their runs, which were mostly in the Western District of Victoria.⁵⁵

Initially families and individuals that were wealthy were able to afford the passage fees from Europe to Australia so the numbers were relatively small. Upon arrival in Australia, free land was provided for productive purposes, such as sheep farming. However, in 1832, the British government set up an Assisted Passage Migration Scheme under the Land and Emigration Commission which was controlled by the Colonial Office in order to send the poor and those unemployed to Australia. The schemes were funded by the sale of land which was calculated at around five shillings per acre. During the early 1830s, migrants were allotted assisted passage, and the balance incurred resulted in a debt that could be paid over time once employment in Australia was secured. By 1836, the colonial government began to pay the full transportation costs for many migrants. Once, they arrived in Australia, free land would be disbursed to the new settlers in order to cultivate. This offer was appealing to those

⁵⁴William Westgarth, *The Colony of Victoria*, (London; Sampson Low, Son, and Marston, 1864), 61.

⁵⁵Lynette Peel, *The Henty Journals; A Record of Farming, Whaling and Shipping in Portland Bay, 1834-1839*, (Melbourne University Publisher, 1992), 332.

unemployed or in sustained poverty. Also, the colonial government supplied new free settlers with agricultural tools and convict labor to help with establishing the running of the farms.⁵⁶

In addition, in 1830, a wealthy pioneer in the woolen industry, Mrs. W. Furlonge (1784–1859), who was born in Glasgow, Scotland immigrated with her family to Australia. In 1840, Eliza married John Furlonge who was a Glasgow wine merchant. By 1825, four of her six children had died from tuberculosis. Two sons survived, William Furlonge and Andrew Furlonge. It was at that point that Eliza’s husband, John Furlonge, decided to move the family to a warmer climate and as a result, he chose Australia.⁵⁷

Mrs. Furlonge was aware that fine wool from the Merino sheep in Saxony, Germany was bringing in the highest prices. The Furlonges had visited Leipzig in Germany to study the methods of sheep rearing and wool preparation. First, the family arrived in Van Diemen’s Land (present day Tasmania) with their Merino fine-wool sheep that they had purchased in Germany. Second, they established a sheep rearing farm at Kirkland, near Campbell Town, Tasmania.

Third, since they wanted to increase their land holdings and increase their production of fine wool, in the late 1830s, the family moved to the Port Philip District which was then a part of New South Wales. This area later became known as a part of the Victoria colony. Fourth, because of this, Mrs. Furlonge transferred her sheep to Seven Creeks, and Euroa located in

⁵⁶Fred Harvey Hitchens, *The Colonial Land and Emigration Commission*, (Philadelphia; University of Pennsylvania Press, 1931), 321.

⁵⁷Peter Corlett, *Statue of Eliza Furlonge with a Merino sheep in Valentine Park*, (Tasmania; Campbell Town, 2013).

Victoria. Then, she established a merino stud of Saxony blood. Finally, this greatly helped to boost the wool industry in the south.⁵⁸



Figure 17: Peter Corlett, Australian Sculptor: Statue of Eliza Furlonge with a Merino sheep in Valentine Park, Campbell Town, 2013.⁵⁹

In addition, flocks of sheep were shepherded inland, particularly in New South Wales and South Australia. As a result, it was discovered that larger sheep and especially those with more coarse-wool were better suited for the inland due to the hot dry plains and the limited water supply. The two most famous of the less fine-woolen strains developed for these regions are the medium-woolen Peppin Merinos, originally bred by the Peppin family in the Riverina district of New South Wales, and the South Australian strong-woolen Merinos. The Peppin appears to have been developed by crossing original Merinos and Rambouillets, and

⁵⁸Harry Sowden, *Australian Woolsheds*, (Melbourne; Cassell Australia Ltd, 1972), 14.

⁵⁹Peter Corlett, *Statue of Eliza Furlonge with a Merino sheep in Valentine Park*, (Tasmania; Campbell Town, 2013).

then interbreeding the progeny. After the Peppin family had purchased the Wanganella Station in the Riverina, they chose two hundred station bred ewes that adapted very well under local conditions. Also, they purchased one hundred South Australian ewes that were raised in Cannally, New South Wales. However, these particular sheep were sired by the imported Rambouillet ram. In South Australia the original Merinos were of the Saxony type and were imported by the South Australian Company.⁶⁰

To the north lay the territory of Queensland which was officially developed in 1859. Originally Queensland had been a part of New South Wales. It was initially known as Moreton Bay and its sheep-farming development closely followed that of New South Wales. As a result, fine-woolen sheep were first introduced in the area in 1823. Since these sheep were owned by the government, Rambouillet Merinos were introduced in 1825. In northern New South Wales, large farming lands were opened up on the Darling Downs. Consequently, the areas around Brisbane were not settled until the 1850s and 1860s.⁶¹

The original Spanish Merino blood, initially introduced and transformed by pioneers like Macarthur, Marsden, and Cox, underwent further modifications in Australia. The addition of British Merino strains from Thomas Henty's West Tarring flock contributed to these changes. Additionally, Saxon Merinos were imported into Van Diemen's Land and Port Phillip, forming the foundation of renowned flocks such as those at 'Ercildoune' and 'Belle

⁶⁰M L Ryder, and S K Stephenson, *Wool Growth*, (London; W S Cowell, Ltd, 1968), 88.

⁶¹Stephen Roberts, *The Squatting Age in Australia 1835-1847*, (Singapore; Melbourne University Press, 1970), 15.

Vue.⁶² In the post-1850s period, Merinos from the Rambouillet stud in France were imported in significant numbers. The influence of the Peppin studs at Wanganella and Boonoke played a crucial role in shaping the future characteristics of the Australian Merino.

Consequently, the various Merino breeds introduced to Australia, including Spanish, Saxon, British, and Rambouillet stock, were originally of Spanish origin but had undergone modifications in different regions. The differences in climate, pastures, and husbandry practices contributed to variations in the characteristics of the wool they produced. The infusion of Saxon stock enhanced the fineness, density, and elasticity of the Australian Merino wool, while the introduction of Rambouillet stock influenced the length of the fibers.

Because of these modifications, this meant that Australian Merino sheep could produce wool suitable for both main wool textile processes. The short, fine wool of Spanish, Saxon, and British breeds was well-suited for carding in the woolen industry. On the other hand, the longer fibers influenced by Rambouillet stock, particularly in Wanganella sheep, were adapted for combing and suitable for the worsted branch of the wool industry.⁶³ By 1830, there was almost two million Merinos in the colony.⁶⁴

In conclusion, the history of the growth of the woolen industry in Australia, particularly the shift in British policy towards allowing fine wool production in the colonies, is a

⁶²Alan Barnard, *The Simple Fleece; Studies in the Australian Wool Industry*, (Melbourne; Melbourne University Press, 1962), 3.

⁶³Alan Barnard, *The Australian Wool Market 1840-1900*, (Melbourne; Melbourne University Press, 1958), 4; Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 73.

⁶⁴Valeria Porter; Lawrence Alderson; Stephen J G Hall; D Phillip Sponenberg; *Mason's World Encyclopedia of Livestock Breeds and Breeding* (sixth edition), (Wallingford; 2016).

significant aspect of the development of Australia's economy. There was initial discouragement by the British Government. The British government discouraged the growth of the wool industry in Australia. This might have been due to concerns about competition with the wool industry in England, limited market access for colonial products, or a desire to maintain control over economic activities in the colonies. Even though the earliest Merino flock in England had belonged to King George III, he had only produced two thousand pounds of wool between 1798 and 1804. By the end of 1811, Britain had in its possession twelve thousand Negretti and Paula Merinos which they had received from Spain. In spite of this by 1821, there were no commercial flocks of Merinos left in England. It was only by chance that the Merino breed survived long enough in England to supply a few of these sheep to New South Wales.

Consequently, there was limited wool being produced in England. The limited capacity for wool production in England became apparent over time. Factors such as competition from other countries and an unfavorable climate for Merino sheep farming in Britain contributed to the decline of commercial flocks in England by 1821. Second, there was the role of merino sheep. The Merino breed of sheep played a crucial role in the development of the Australian wool industry. The decision to introduce Merino sheep to Australia and their subsequent success in adapting to the Australian climate contributed to the production of fine wool in the colonies. Third, was the elimination of competition. The decline of commercial Merino flocks in England eliminated direct competition with Australia in wool production. This change in circumstances likely influenced the British government's stance, eventually leading to a more favorable attitude towards the development of the wool industry in the Australian colonies.

Fourth, was the supply of Merino sheep to New South Wales. The survival of the Merino breed in England was fortuitous for Australia. The availability of Merino sheep from England became a crucial factor in the success of the wool industry in New South Wales, as these sheep were well-suited for producing fine wool.

And fifth, there was the market dynamics. The changing dynamics of the global wool market, with increasing demand for fine wool, likely influenced the British government's decision to allow and support wool production in Australia. This shift in policy contributed to the growth of the wool industry in the colonies. As a result, the evolution of British policy, coupled with the changing market dynamics and the adaptation of Merino sheep to the Australian environment, played key roles in fostering the growth of the wool industry in Australia during the 19th century.

Chapter 6

Land Acquisition

How was land acquired in Australia? How should the acquired land be claimed and divided? Chapter 6 examines the various claims of land acquisition and the controversy that unfolded. In 1788, Britain claimed all lands for the crown with the settlement of Botany Bay in Australia. For the next forty-three years, the colonial governors of New South Wales granted crown lands around Sydney to many different types of settlers and convicts. By 1831, the British Colonial Office issued declarations to the New South Wales colonial government that they were to cease granting land. Instead, they were ordered were to auction selected parcels of land within a settlement area. However, settlers did not pay any attention to the new land policies. They raced to start sheep breeding on big tracts of closed land outside the official settlement area. And for the next sixteen years, the colonial government, the British government, and the sheep breeders fought over questions as to who should own the land and how land rights should be redefined.¹

The key to the success of the Australian woolen market as a staple product was the role played by the large pastoral agent firms that were initially established and supported in the Australian colony by the British government. Because of this, the policy of the colonial state toward land granting changed from an initial attempt to settle an emancipist small farming population to the active sanction of large landholding in the 1820s. In a study of land administration in Australia between 1831-1855, historian Peter Burroughs explains how the British government beginning in the 1820s were eager to show a profit in the Australian colonies. As a result, the Britain government encouraged investors from England to infuse

¹G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 136.

capital into the new colony with the initial incentive of ownership of free land provided the new settlers employed convict labor. This would alleviate the need to secure employment for the convicts upon completion of their sentence in the new colony.

Throughout the following decade, land regulations were being constantly revised by the British government in order to conform to new wealthy land settlers in the Australian colony. However, in 1831, the home government decided to change its land regulation policy. At that time, it was felt that in keeping with British interests the Australian colonies should afford employment to the thousands of redundant English laborers. Because of this, Burroughs view confirms that there was a definite shift in British imperial economic policies.²

Consequently, the change in land regulations in 1831 marked a shift in the approach to Crown land in New South Wales. Instead of granting land, it was decided that the land would be sold, with the proceeds used to finance the transportation of British laborers to the colony. This was a departure from the land alienation procedures of the 1820s, which allowed some large-scale land usage. The new approach raised issues of criteria for determining grant recipients and making land available for pastoralists with growing flocks. In 1821, Governor Lachlan Macquarie faced these challenges when immigrants applied for land grants. Seeking advice from John Oxley, the Surveyor General, Governor Macquarie adopted Oxley's suggestion to base land grants on the amount of capital brought in by the immigrant, with a maximum grant of two thousand acres.³ Established settlers needing more land were either

²Peter Burroughs, *Britain and Australia, 1831-1855*, (Oxford; Clarendon Press, 1967), 37.

³John Oxley, *Historical Records Australia*, Series I, volume 12, 185; the scale Oxley suggested was for a person bringing; five hundred pounds, a grant of five hundred acres; seven hundred fifty pounds, six hundred forty acres; fifteen hundred pounds, one thousand acres; three thousand pounds, two thousand acres; Oxley stated that this arrangement "approximates to the quantity of land at present granted to Individuals, to whom it refers."

granted additional land or given permission to graze their flocks on Crown lands. This system aimed to regulate land distribution and accommodate the needs of both new immigrants and existing settlers.⁴

Also, during the 1820s, settlers in the colony began to exceed the limits set by the government as they sought additional grazing land to support their growing sheep flocks for wool production.⁵ Governor Brisbane, who assumed administration of the colony in late 1821, found a system of land alienation that included grants to immigrants, grants to established settlers, and licenses to graze livestock on Crown lands. This system reflected the increasing demand for land as the wool industry expanded and played a crucial role in shaping the colonial economy. The tension between the government's regulation and the settlers' demand for more land marked a dynamic period in the development of New South Wales.⁶

In addition, there was no policy in place for dispersing of the convicts or securing employment for the convicts once their prison sentence was completed. As a result, Brisbane wanted to secure employment for convicts. Because of this, Governor Brisbane created a ruling that one convict was to be maintained, free of expense to the Crown, for each one hundred acres of land granted. Many settlers claimed that they could not afford the additional expense, even though during the next eighteen months applications for more than one hundred grants were lodged.⁷

⁴John Oxley, *Historical Records Australia*, Series I, volume 10, 586-589; Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 78.

⁵G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 136.

⁶K W Robinson, *Land in Economic Growth of Australia, 1788-1821*, (Melbourne; Melbourne University Press, 1969), 273.

⁷John Oxley, *Historical Records Australia*, Series I, volume 11, 330.

Governor Brisbane aimed to ensure that all convicts were employed by settlers, rather than remaining in the convict barracks. Due to the increasing demand for land and livestock, Brisbane announced in November 1823 that Crown land could be purchased at a rate ranging from five to seven shillings per acre.⁸ Initially, land grants were subject to survey, but due to a shortage of surveyors, Brisbane allowed settlers to select land and then apply for permission to occupy it. This system provided pastoralists with more affordable access to land compared to the established land grant regulations. As a result, pastoralists quickly seized the opportunity, leading to a rapid extension of the settled area. (See Figure 18).⁹

In particular, based on John Thomas Bigge's reports, many heated discussions had ensued in British parliament on the question of the necessary reforms that needed to take place in the Australian Colony. In Bigge's reports to the British government, he mentioned that in order to facilitate the location of the land to settlers when they arrived in Sydney from England, the Colony should be previously surveyed and laid out in districts.¹⁰ Because of this, direct instructions from the British government were issued to Governor Darling in 1825. He was ordered to complete a general survey of the colony and to divide the specified area into counties, hundreds, and parishes. As a result, this would require a general valuation of the

⁸Governor Lachlan Macquarie and Commissioner John Bigge had both suggested selling Crown land but at higher prices than those instituted by Governor Thomas Brisbane.

⁹T M Perry, *Australia's First Frontier*, (Melbourne; Melbourne University Press, 1963).

¹⁰John Thomas Bigge, *Report of the Commissioner of Inquiry into the State of the Colony of New South Wales*, (London; 1822, Reprinted in 1966, Adelaide; Libraries Board of South Australia); John Thomas Bigge, *Report of the Judicial Establishments of New South Wales and of Van Diemen's Land*, (February 1823; John Thomas Bigge, *Report of the Commissioner of Inquiry on the State of Agriculture and Trade in the Colony of New South Wales*, (London; 1823, Reprinted in 1966, Adelaide; Libraries Board of South Australia).

land throughout the Colony to be completed and documented. Interestingly, no survey or valuation of the lands was to go into any district beyond settlements.¹¹

In December 1825, Governor Ralph Darling arrived in the colony with the mandate to implement new reforms in land alienation procedures as directed by the British government. Under these reforms, all unoccupied lands were to be valued, and the valuation represented the minimum acceptable price. If, after six months, no tenders were received, the land could be appropriately granted. However, the minimum grant was set at three hundred and twenty acres, and the maximum grant was set at two thousand five hundred and sixty acres.¹²

Apart from this, Surveyor General John Oxley had expressed concerns that these new regulations would adversely affect free settlers arriving with average capital. Oxley had suggested allowing new settlers to select land in partially settled areas within controlled limits. In June 1826, Governor Darling referred these concerns regarding land regulations to his Executive Council, which subsequently approved Oxley's suggestion for land alienation.¹³

¹¹Fred Harvey Hitchens, *The Colonial Land and Emigration Commission*, (Philadelphia; University of Pennsylvania Press, 1931), 321.

¹²John C Weaver; 'Beyond the Fatal Shore; Pastoral Squatting and the Occupation of Australia, 1826-1852, *The American Historical Review*, volume 101, No 4, (Washington; American Historical Association, 1996), 984.

¹³*Historical Records Australia*, Series I, vol. 12, 378, (see Figure 19); the boundaries as laid down on July 19, 1826 were; Port Stephen to the Wellington Valley in the north; the Macquarie River and a direct line to the latitude of Bateman's Bay in the west; Bateman's Bay and a line due west to the 149th meridian, in the south; Darling suggested moving the western boundary further westward, on August 22, 1826; the Executive Council took the opportunity to set new boundaries, which were published on September 5, 1826; they were from Cape Hawke due west to the Wellington Valley, then the River Macquarie to the 33rd parallel, from that point westward to the 148th meridian, then directly south to the Lachlan River; from there, due east to Campbell's River, along that river to the latitude of Bateman's Bay, then due east to the bay; this represented the limits of the area settled by 1825 (see Figure 18); the limits of location were expanded and redefined in October 1825.

Consequently, in 1826, Governor Darling had restricted settlement to an area around Sydney but grazers ignored this and settled beyond the boundaries.¹⁴

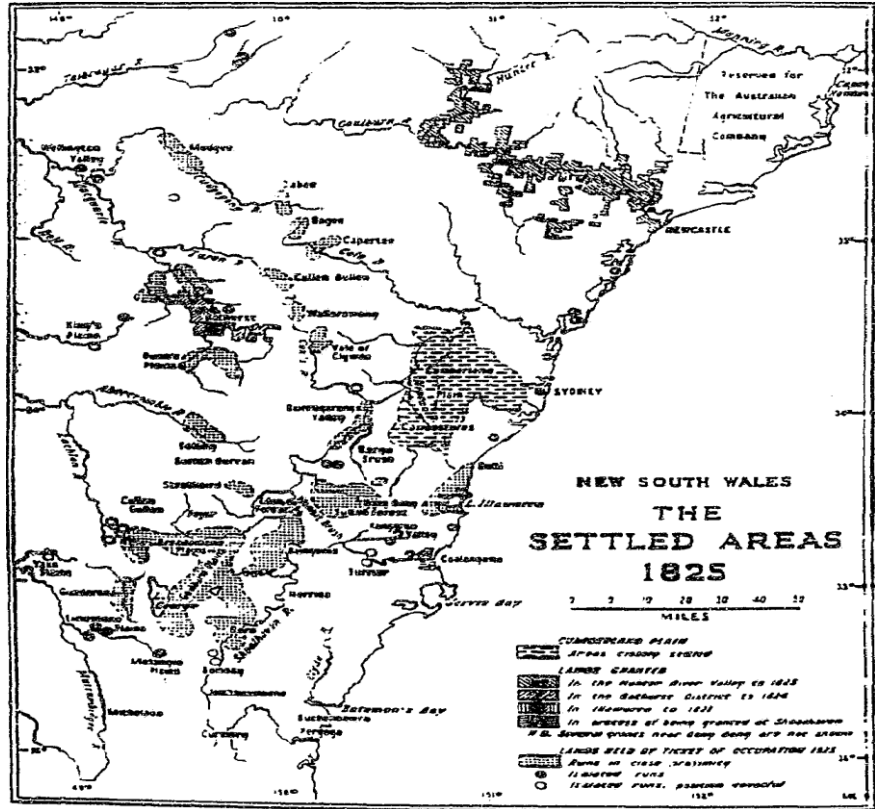


Figure 18: *New South Wales: The Settled Areas 1825*¹⁵

¹⁴Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 78.

¹⁵T M Perry, *Australia's First Frontier*, (Melbourne; Melbourne University Press, 1963)

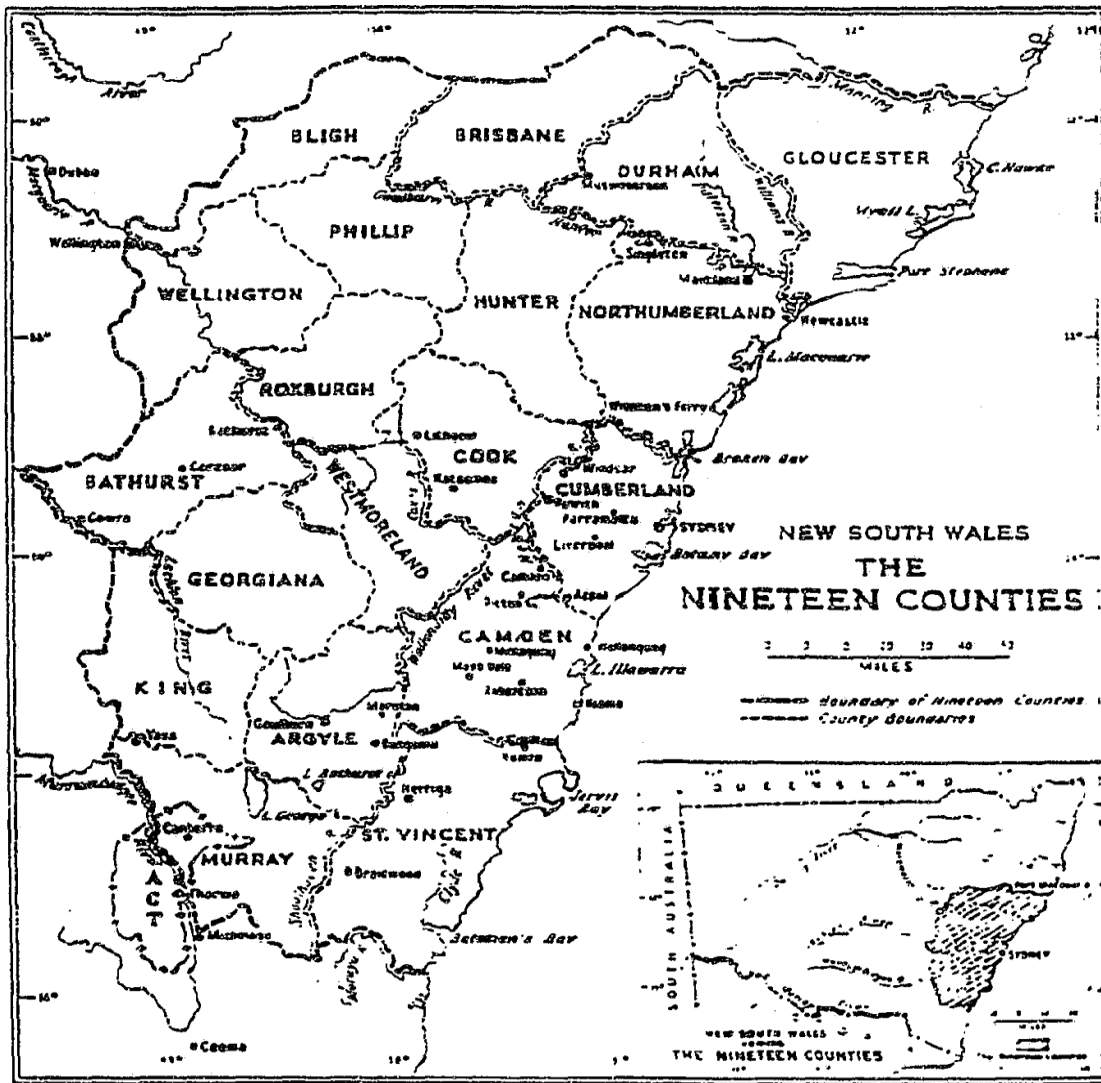


Figure 19: *New South Wales: The Nineteen Counties*¹⁶

Despite the Colonial Office's inclination to make land more expensive through regulations, the practical situation on the ground was that land remained readily available. Governor Darling's issuance of substantial land grants aimed at providing ample pasture for the colony's growing livestock population, but it also generated numerous complaints of

¹⁶T M Perry, *Australia's First Frontier*, (Melbourne; Melbourne University Press, 1963)

favoritism. The perceived preferential treatment in the allocation of land grants became a point of contention and criticism.¹⁷ The 1826 regulation permitted settlers to occupy land they intended to purchase until it had been surveyed. In addition, in October, 1828, an order issued by the government allowed settlers to lease land adjacent to their property for an annual payment of two shilling's and six pence per hundred acres. Even though, Crown land could still be rented the ticket of occupation system had been disbanded. Although the intent of regulations was to ensure an adequate control of Crown lands, the shortage of surveyors ensured grazers free access to land. The only restriction was that the access was subject to the governor's approval.¹⁸

Furthermore, there was a significant disparity between the land regulations introduced in 1831 and the practices followed during Governor Darling's administration in New South Wales. The changes in land policies over time reflect evolving approaches and responses to the challenges and demands of the colony's development. The key element was that the 1831 regulations were to be used to finance immigration.¹⁹ The emphasis in the Ripon regulations was on the regularization and the concentration of settlement. The restriction of land offered for sale to the boundaries set in 1829 indicates a more controlled and defined approach to land distribution. This could be seen as an attempt to manage and regulate the expansion of settlement, possibly to prevent issues such as excessive land concentration or unauthorized expansion beyond established limits. The specific geographic boundaries set in 1829 would

¹⁷John Dunmore Lang, *An Historical and Statistical Account of New South Wales*, volume 1 (London; Sampson Low, Marston, & Co, 1875), 192-4; Lang claims Darling's partiality in granting land retarded the immigration of persons with capital.

¹⁸Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 81.

¹⁹Historical Records Australia, Series I, volume 17, 162.

have played a role in determining which lands were eligible for sale and how they were allocated. Interestingly, at the time the new regulations were promulgated, settlement had spread far outside the official limits. As a result, Governor Bourke had no intention of moving those illegal settlers who were occupying the land.²⁰ Bourke did not wish to create any obstacles for the profitable employment of rearing sheep and he wanted to avoid any political problems that could ensue.²¹

In addition, W. W. Burton was a lawyer and held the position of president of the New South Wales Legislative Council. In August 1833, an act was passed to prevent the land rights of the Crown from being affected or lost sight of by mere occupation without purchase for a long space of time.²² As a result, the appointment of Commissioners to protect Crown land from encroachment, intrusion, or trespass suggests a proactive effort to manage and regulate settlement. The administration's focus seems to be on controlling the settlement process, ensuring that it aligns with government policies and objectives.

By appointing Commissioners with the responsibility of overseeing land use and preventing unauthorized activities on Crown land, the government aimed to maintain order and adherence to established regulations in the process of settlement.²³ Governor Bourke's

²⁰Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 304.

²¹Historical Records Australia, Series I, volume 17, 479.

²²4 William IV, No 10, "An Act for protecting the Crown Lands of this Colony from Encroachment, Intrusion, and Trespass." *British Parliamentary Papers*, (Irish University Press, 1968); In early 1837, Evelyn Sturt rode beyond the Limits to serve as a commissioner; Along the trail, he had been "informed by several Magistrates and others, that unauthorized occupants are if anything more numerous within the Limits of occupation than without;" Archives of New South Wales (ANSW), Sydney, 4/2348.3, Colonial Secretary, Letters and Reports Received, Commissioners of Crown Lands, E H Sturt to Colonial Secretary, April 14, 1837.

²³Historical Records Australia, Series I, volume 17, 271.

permissive policy, combined with the practice of allowing occupation of land by simple means, facilitated the expansion of grazers into new areas during the mid-1830s. This expansion involved the presence of overseers managing flocks, as well as ownership by settlers who cultivated land within established limits. Additionally, individuals such as lawyers, merchants, and shopkeepers from Sydney and other towns engaged in pasturing activities beyond the established limits. The diverse backgrounds of those involved in grazing activities highlight the varied economic interests and occupations contributing to the pastoral expansion during this period.

Also, colonists from Van Diemen's Land had crossed the Bass Strait and formed settlements on the southern coast of New South Wales.²⁴ Moreover, John Batman, acting as an agent for the Port Phillip Association, entered into a treaty with the Indigenous people in the area of Port Phillip. According to this treaty, the association was granted access to 600,000 acres of land in the vicinity of Port Phillip. This historical event is known for its implications in the colonization and land acquisition processes during the early European settlement in Australia. The treaty reflects the complex interactions between European settlers and the Indigenous population, often marked by differing perspectives on land ownership and usage.²⁵ In addition, there were flocks controlled by their owners, who had no ownership in

²⁴The Port Phillip Association originated from a small group of investors who developed illegal pastoral activities on the northern shores of Bass Strait; In April 1835, Hobart banker Charles Swanston, lawyer Joseph Gellibrand, surveyor John Wedge, and pastoralist John Batman agreed to send Batman to Port Phillip to explore the land; He found excellent land for grazing sheep; Batman met with a group of Aboriginals, Woi Wurrung; He persuaded them to sign an agreement identified as Batman treaties; This document confirmed that he had purchased 600,000 acres for his group.

²⁵B C Fitzpatrick, *The British Empire in Australia; An Economic History, 1834-1939*, (Melbourne; Melbourne University Press, 1969), 48; The Port Phillip Association was one of many joint-stock companies formed in Van Diemen's Land in 1835 to acquire land on the southern coast of the mainland; Batman was not the first to establish a settlement on the southern coast; the Henty family had settled at Portland Bay (200 miles west of Port Phillip) in 1834.

the land, and some of these owners were retired officers.²⁶ There were others, such as squatters, who obtained a livelihood by occupying the Crown pastures without paying for them and collecting stolen sheep.²⁷

As W.W. Burton held the position of judge of the New South Wales Supreme Court, he claimed that the occupation of Waste Land by unauthorized and improper persons, squatters, was one of the main reasons for crime in New South Wales. Burton called for measures to ensure that those who did not follow the laws should be denied aid.²⁸ Bourke recognized that the squatters were following in the path of the most influential and unexceptionable colonists by illegally occupying land.²⁹ On March 30, 1836 the Executive Council agreed that some form of permissive occupancy was needed and that any unnecessary limitation of pasturage should be avoided.³⁰

However, in July, 1836, an Act was passed to restrain the unauthorized occupation of Crown lands.³¹ This Act provided that individuals could now lease Crown land within the limits. From 1837 onwards, licenses could be obtained for land outside the limits. Bourke argued that the revenue derived from the licenses and leases would cover administrative costs.

²⁶Historical Records Australia, Series I, volume 17, 468-469.

²⁷Report of the Select Committee on Transportation, *Parliamentary Papers, 1837-1838*; James Macarthur given in evidence on May 23, 1837 to the Select Committee on Transportation. (Sydney: Mitchell Library).

²⁸G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 136.

²⁹G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 136.

³⁰*New South Wales Archives (NSWA)*, Executive Council Minutes for 1836.

³¹William IV, No 4 "An Act for Protecting the Crown Lands of this Colony to Restrain Unauthorized Occupation," 1836, *British Parliamentary Papers*, (Irish University Press, 1968); This act provided that persons could occupy crown land and within the limits by leasing it; from the beginning of 1837 licenses would be granted for occupying crown land outside the limits.

In particular, commissioners appointed to administer the act and the Crown would continue to have a vested interest in the land as applications for leases grew.³²

Furthermore, the two-year Act authorized the occupation of land outside the limits of location and, by doing so, ran counter to the intent of Ripon's regulations.³³ Bourke had repeatedly referred in his dispatches to the impossibility and the undesirability of stopping or even curtailing expansion. As a result, Bourke recommended that government policy should recognize this. He understood the implications of colonial techniques of sheep farming and producing wool. For this reason, Bourke had issued a proclamation affirming the right of the Crown to the land that Batman had offered to the aboriginals. Bourke stated that any treaty made with the Aborigines was null and void, but he did not remove the settlers. In October 1835, Bourke submitted a report to Lord Glenelg, Secretary of State, in which Batman's actions were related and suggested establishing a town at Port Phillip together with selling allotments. Then the proceeds could defray the costs of building schools and administering the new settlement.³⁴

What's more, the establishment of a settlement at Port Phillip, despite initial disapproval from the Colonial Office, accumulated interest from Scottish capitalists. Lord Glenelg acknowledged in April 1836 that the settlement would likely see an influx of emigrants and a significant introduction of capital from Scotland.³⁵ As British interest grew, the Colonial Office had to approve the settlement at Port Phillip.

³²*Historical Records Australia*, Series I, vol 18, 539; The fee for the license was ten pounds per year; entitling the occupier any number of acres for de pasturing livestock; Occupation, for the purposes of the act, was to be manifested by a building or cultivation, not just by the pasturing of livestock.

³³Robinson, Frederick John, *Ripon Regulations 1831*, London; 1st Earl of Ripon.

³⁴*Historical Records Australia*, Series I, volume 18, 157.

³⁵G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971), 139.

The squatting act passed by the Legislative Council in 1836 reflected the acceptance that squatting (occupation of land for pastoral use) was a reality that could not be halted but could be regulated. The needs of pastoralism had prevailed, and now, land was legally available. The provisions of The Forbes Act of 1834 had attracted capital to New South Wales, and by 1835, the primary shortage reported was that of labor. This period marked a significant phase in the evolution of land use and settlement patterns in Australia.³⁶

Consequently, in 1835, the Legislative Council appointed the Committee on Immigration, which was the first of twelve before 1851, in order to discuss labor shortages and wage increases. Its members discovered that a vast supply of shepherds was needed immediately or the colony would decline. Its prosperity depended on the success of its wool exports, on wool prices in England and labor costs in New South Wales. Previously, during the early years of European settlement in Australia, assigned convicts played a crucial role as the primary source of labor for various industries, including pastoralism. Convicts were sent to Australia as a form of punishment and were often assigned to work for private individuals, including pastoralists, to contribute to the economic development of the colony.

And assigned convicts provided labor for a range of activities, such as tending to livestock, clearing land, and performing other manual tasks essential for the functioning of pastoral enterprises. The availability of assigned convict labor was a significant factor in the early development of the Australian economy, especially in industries such as wool production, which became a key economic driver. Consequently, colonists saw the solution of any labor shortage in the diversion of convicts from the government's employ to that of

³⁶Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 85.

settlers. Also, Governor Bourke curtailed public works in order to release convicts for assignments.

During this timeframe, Lord Goderich's the first Earl of Ripon, was in charge of the Colonial Office. After his dispatches were received in 1831, Bourke sent a circular to the principal colonists in order to ascertain the labor situation. However, there were several issues and disagreements between Lord Goderich and Governor Bourke that led to Lord Goderich's dissatisfaction with Bourke's administration. One example was Governor Bourke's implementation of the "terra nullius" concept and land policies. It was also known as "Bourke's System," and it was very controversial. Bourke sought to address land tenure issues and facilitate the expansion of settlements, but Goderich was critical of some aspects of these policies.

Also, Bourke authorized the Legislative Council to allocate £10,000 from the land revenue for immigration.³⁷ According to Lord Goderich, Bourke had acted on impulse and advised that the appropriation of land revenue was the sole prerogative of the governor. However, the land revenue and expenditure on immigration in New South Wales from 1832-1835, as seen in Table 2.3, indicates that only a fraction of the land revenue had been spent. The balance remaining at the end of each year was transferred to general revenue.

³⁷*Votes and Proceedings UK*; The Commissioners had been appointed in London in June 1831; In 1835, 883 unassisted migrants arrived in New South Wales; in 1836, 913; in 1837, 813; in 1838, 1,328; in 1839, 2,133; and in 1840, 1849.

Table 2.3: Land Revenue and Expenditure on Immigration in New South Wales, 1832-1835.³⁸

Year	Proceeds of Sale of Land (Pounds)	Expenditure on Immigration (Pounds)	Balance (Pounds)
1832	12,510	5,293	7,217
1833	24,956	10,759	14,197
1834	41,844	7,902	33,942
1835	80,785	11,438	69,347

Historical Records of Australia (HRA), Series I, volume 22, (First published 1914-1922; reprinted by the Federal Government, Canberra; 1971), 417.

Moreover, the decision in 1834 to transfer the cost of maintaining the colony's police and jails to the colonial revenue had significant implications. The concern of the colonists regarding this decision was twofold. First, it was perceived as a threat to the funds earmarked for immigration, which was crucial for addressing the labor shortage. Second, the shift of this financial burden was viewed as a form of taxation without representation.³⁹ In response to the pressing need for immigrants, Governor Bourke took action by publishing a notice on October 28, 1835, specifying bounties payable to colonists who introduced labor into New South Wales. This move aimed to incentivize and facilitate the influx of labor, which was essential for the economic and social development of the Australian colony.⁴⁰

³⁸*Historical Records of Australia (HRA)*, Series I, volume 22, (First published 1914-1922; reprinted by the Federal Government, Canberra; 1971), 417.

³⁹John Dunmore Lang, *An Historical and Statistical Account of New South Wales, Both as a Penal Settlement and as a British Colony*, 2 volumes, (London: Sampson Low, Marston, & Co. 1837), volume 1, 263.

⁴⁰*Historical Records Australia*, Series I, volume 18, 633-5.

Furthermore, Governor Bourke's recognition of the need to increase expenditure to address the labor shortage reflects the understanding that a proactive approach was required to stimulate immigration. Bourke's proposal in April 1836 for a government system of immigration, involved British government agencies selecting and sending suitable migrants.⁴¹ This plan was aimed at overcoming the financial constraints associated with immigration efforts. The subsequent approval of this government system by Lord Glenelg in March 1837 marked a significant development.

According to this arrangement, all land revenue was to be utilized for immigration, with one-third allocated to finance the bounty system and two-thirds for the government system. This strategy was designed to mobilize resources for immigration and bring in a larger number of migrants. For this reason, in 1837, the implementation of these measures resulted in a notable increase in the number of assisted migrants arriving in New South Wales. Specifically, 2,360 migrants arrived through this initiative, comprising 742 bounty immigrants and 1,618 government immigrants.⁴²

As a result, the decision to discontinue the assignment of convicts to settlers, as published in the Sydney Gazette on November 18, 1837, marked a significant shift in the

⁴¹The Bounty Immigration Scheme was first introduced by Edward Gibbon Wakefield; He suggested that they system of free land grants should stop and that the Colonial land should be sold; the revenue from these sales could assist with emigration from Britain; Bounty immigrants were chosen by the colonists who paid for their passage; upon arrival of the immigrant, the colonist would employ the immigrant; then, the employer would be reimbursed by the government for all or part of the cost of the immigrants passage.

⁴²*Votes and Proceedings UK* volume 22, 417; Figures given in *Votes and Proceedings* show the number of assisted migrants arriving in 1836 as 808 and in 1837 as 2,664, whereas the return quoted, which was compiled at the Sydney audit office in September 1842, shows 743 assisted immigrants in 1836 and 2,360 in 1837.

colony's policies.⁴³ Governor Bourke, in a dispatch dated November 22, 1837, suggested a gradual abolition of assignment, and it was eventually implemented on January 1, 1839. This move forced the colonists to intensify their immigration program.⁴⁴

However, during this period, the colony faced financial challenges. The proceeds from land sales were diminishing, with revenues declining. For instance, in 1836, £126,459 had been generated from the sale of lands, followed by £120,188 in 1837. By the middle of 1838, revenue was continuing to fall. Governor Gipps attributed this decline to the fall in wool prices that began in 1837.⁴⁵ Due to concerns about the state of land revenue, objections from the colonists, and a decrease in the British desire to emigrate to New South Wales, the government emigration system was halted before the end of 1839. This decision reflected the complex economic and social dynamics that influenced immigration policies during this period.⁴⁶

In addition, by the end of the 1830s, the sheep industry had been established in every colony of Australia and was producing fine wool for export. In order to achieve this result, there had been a staggering series of exploration and settlements.⁴⁷ The year 1839 marked a significant increase in the proceeds of land sales in Melbourne, jumping to £152,963. This

⁴³*The Sydney Gazette*, November 18, 1837; Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 87.

⁴⁴*Historical Records Australia*, Series I, volume 19, 188, 800; volume 20, 400, 604.

⁴⁵T H A Braim, *A History of New South Wales, volume 1*, (London; R Bentley, 1846,) 137; it is stated that 'in explanation of the slight diminution' in land sales in 1837-38 it may be mentioned that the best lands had been disposed of, and those which remained were chiefly valuable on account of their connection with other estates.

⁴⁶*Historical Records Australia*, Series I, volume 20, 382.

⁴⁷G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia, Pty Ltd, 1971), 139.

positive trend continued in 1840, with the proceeds reaching £316,626.⁴⁸ The economic stability reflected in these figures allowed for increased investment in immigration programs.

By 1840, a total of 6,675 assisted immigrants arrived in New South Wales, with two-thirds of them coming as bounty migrants. The expenditure on immigration for the same year amounted to £111,694.⁴⁹ The economic success and the demand for immigration prompted Governor Gipps to receive new British dispatches on regulations in November 1840 regarding the sale of land in New South Wales. According to these regulations, the colony was divided into three districts, and the proceeds from land sales in each district were earmarked to finance immigration into that specific district. This approach aimed to strategically allocate resources based on regional needs. By 1841, the influx of bounty immigrants continued, with a total of 18,986 arrivals, further contributing to the demographic and economic development of New South Wales.⁵⁰

Although the proceeds had grown for the whole colony, this increase was mainly attributable to the sale of land in the Port Phillip district. According to Gipps, if land proceeds were allocated for immigration on a district basis, the amount available for the Middle District would be insufficient. By the end of January 1841, Governor Gipps expressed concerns to the Secretary of State regarding the Sydney Treasury's capacity to sustain the immigration

⁴⁸*Historical Records Australia*, Series I, volume 20, 698-9.

⁴⁹John Dunmore Lang, *An Historical and Statistical Account of New South Wales, both as a Penal Settlement and as a British Colony*, 2 volumes, (London: Sampson Low, Marston, & Co. 1837), volume 1, 309; Lang confirms that of the 25,330 assisted migrants who arrived between January 1, 1841 and June 30, 1842, 16,892 were from Ireland; The 1841 Immigration Report suggested limiting Irish immigration; Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 88.

⁵⁰*Historical Records Australia*, Series I, volume 20, 641-8; The Sydney or Middle District was composed of the nineteen counties proclaimed in 1829 with boundaries extended to the South Australian border; The Southern District included the Port Phillip area.

program. This suggests that, despite the economic stability reflected in increased land sales and immigration efforts, there were apprehensions about the financial capability to continue supporting a large influx of immigrants.⁵¹ Lord John Russell was disturbed to learn from Gipps dispatch that there were permits for 64,515 immigrants outstanding on January 31, 1841. In addition, £979,652 would have been payable if the permits were fully utilized. Then, land sales began to fall in 1839 and two arguments were put forward. The colonists, particularly landholders and merchants, argued that the decline in immigration was attributed to the rise in the price of land at government auctions, which increased from five shillings to twelve shillings per acre. This increase in the cost of land may have discouraged potential immigrants or made it economically less attractive for the colonists to invest in bringing more labor to the colony.⁵² Gipps, argued that it was because of the amount of land being put up for sale privately. In addition, with the cessation of convict assignment, newcomers no longer bought land to qualify for convict labor.⁵³

Consequently, the decline in land revenue, coupled with the substantial influx of immigrants and the British Government's reluctance to raise a loan for immigration, compelled Gipps to issue a notice in September 1841. The notice stated that the government would not pay for conditional bounties, that was permits issued after December 1, 1840.⁵⁴

⁵¹*Historical Records Australia*, Series I, volume 21, 503; Gipps had issued conditional permits for 6,800 immigrants between December 1, 1840 and January 31, 1841.

⁵²G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 148; Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 89.

⁵³*Historical Records Australia*, Series I, volume 22, 44.

⁵⁴*Historical Records Australia*, Series I, volume 21, 505.

Although the colonial government still had a liability for £600,000 worth of bounty orders in circulation, Lord Stanley, who had replaced Lord Russell, declared that bounty permits issued after July 1, 1841, would not be considered valid. Furthermore, no additional bounty emigration from Britain would be allowed until August 1842.⁵⁵ Even in August 1842, Gipps emphasized in a speech to the Legislative Council that immigrants were needed, but there were insufficient funds to finance their arrival.⁵⁶

Furthermore, on October 27 1836, Under-Secretary Stephen highlighted the challenges of restricting settlement in New South Wales but expressed a desire to limit squatters. In Port Phillip, the price for land was set at five shillings an acre. The British government aimed to halt the unauthorized occupation of the recently explored territory. As a result, Governor Bourke was authorized to offer the land at a lower rate than five shillings an acre. The expectation was that as settlement advanced, the value of the land would increase, allowing for a higher price to be imposed. Also, Bourke was opposed to increasing the value of the land. This would intensify the squatting problem. In addition, an increased price would deter emigrants with limited capital to purchase the land. Bourke perceived the matter as a conflict between an artificially set price and a price that could naturally be determined by competition.⁵⁷

Despite the advantages of competition and the disadvantages associated with raising the minimum price, Bourke recommended that the price should remain unaltered.⁵⁸ However,

⁵⁵G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 148.

⁵⁶*Historical Records Australia*, Series I, vol 18, 681.

⁵⁷Samuel Fleischacker, *On Adam Smith's Wealth of Nations; a Philosophical Companion*, (Princeton, N.J.: Princeton University Press, 2004), 352.

⁵⁸Jan Kociumbas, *The Oxford History of Australia; Vol 2, 1770-1860*, (Melbourne; Oxford University Press, 1992), 139, 194.

Lord Glenelg issued a dispatch on August 9, 1838, instructing Governor Gipps to increase the minimum price for land of basic quality to twelve shillings per acre.⁵⁹ In addition, Secretary of State Normanby sent a dispatch suggesting that, given Port Phillip's attractiveness to settlers, the minimum price of land there should be the highest.⁶⁰

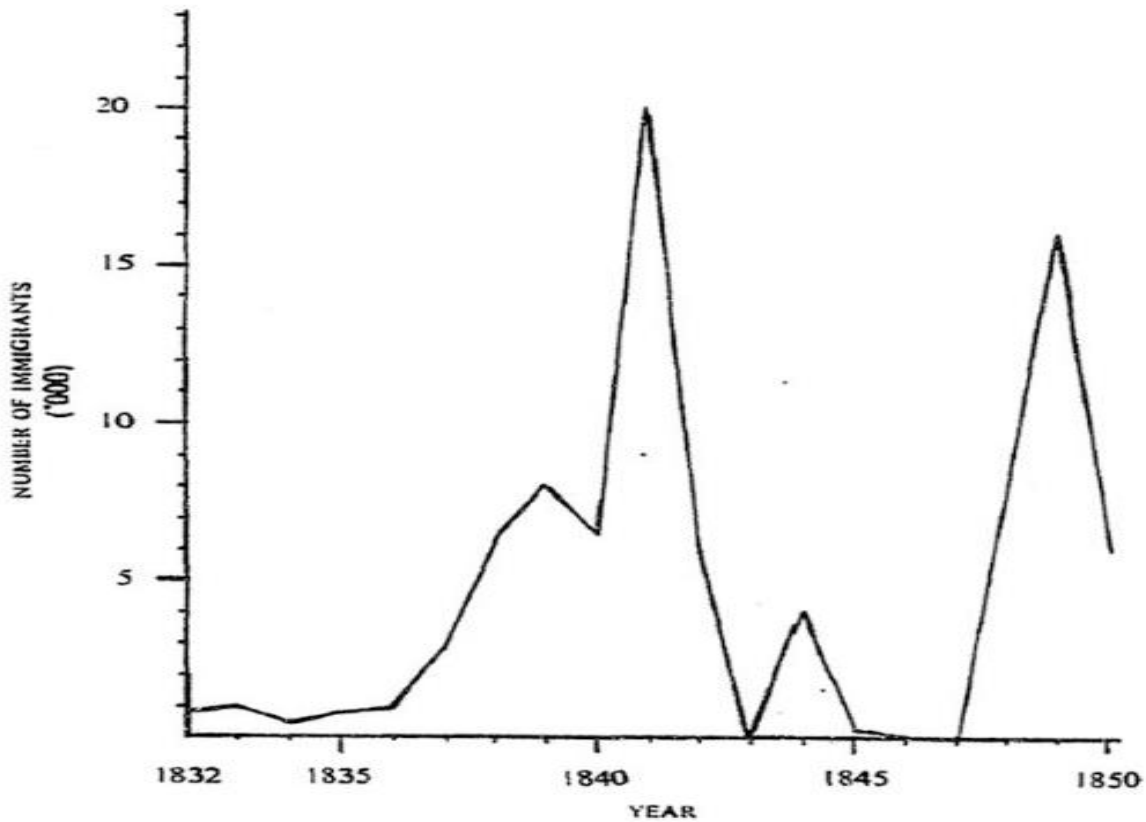


Figure 20: The Number of Assisted Immigrants Arriving in New South Wales, 1832-1850⁶¹

⁵⁹G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 145.

⁶⁰T H A Braim, *A History of New South Wales, volume 1*, (London; R Bentley, 1846,) 128.

⁶¹*Votes and Proceedings of the Legislative Assembly of New South Wales, 1851*, Sydney; New South Wales Australia.

The Colonial Office was determined to obtain as much revenue as possible from the sale of the land in Australia. In particular, according to English historian and a member of parliament, Edward Gibbon Wakefield (1796–1862) who suggested several political economic arguments and policy proposals with a view to increasing power and wealth for Britain. Wakefield's theory of systematic colonization was to protect the British capitalist civilization from social revolution at home and frontier barbarism in the colonies. In comparing capitalist civilization with wage labor, Wakefield planned for the creation of a legally free yet structurally dependent colonial labor force. This would be achieved by imposing preemptive crown rights and artificially inflated prices on colonial lands, which would prevent poor emigrants from becoming landowners and would force them to work for colonial capitalists.⁶²

In addition to the British government subscribing to Wakefield's claims that a higher price would restrict dispersion and guarantee a sufficient supply of labor, evidence of this claim can be corroborated by the 1839 shortage of labor during which Gipps complained of the insufficiency of land revenue. As a result, the main recommendations made by the newly appointed land and Emigration Commissioners in 1840 were derived from Wakefield theory and writing. Nevertheless, the solution was to increase the price of land.

Subsequently, regulations published in the Government Gazette on December 5, 1840, and presented before the Legislative Council on December 10, 1840, outlined several key points.⁶³ First, the colony was to be divided into three districts; The Northern, Middle, and

⁶²Onur Ulas Ince, 'Letters from Sydney; Edward Gibbon Wakefield and the Problem of Colonial Labor', *Colonial Capitalism and the Dilemmas of Liberalism*, New York, 2018; online edition, Oxford Academic, 2018.

⁶³*The NSW Government Gazette* December 5, 1840.

Southern. Second, the land in the Northern and Southern Districts was to be sold at a fixed price of one pound per acre. Third, the land in the Middle District was to be auctioned, with a minimum price set at twelve shillings per acre. Fourth, emigrants could deposit money in London, allowing them to select land upon arrival. Fifth, the proceeds of land sales in each district were to be deposited into separate treasuries.⁶⁴

More importantly, the regulations concerning the fixed prices for land and the unrestricted right of selection raised concerns. In particular, there was the fear that squatters might be dispossessed of their occupied land or lose access to rivers on their property.⁶⁵ In response to these concerns, a public meeting was held in Sydney to protest against these regulations. Petitions were collected to be sent to Queen Victoria and the British Parliament.⁶⁶ Governor Gipps expressed his opposition to the regulations in a Memorandum on the disposal of lands in the Australian Provinces on December 19, 1840.⁶⁷ He argued against the Wakefield principles underlying the new regulations and maintained that they were inapplicable to New South Wales. Also, Gipps emphasized that the dispersion of sheep farmers could no longer be restrained for the country to prosper. Sheep farmers or woolgrowers needed the freedom to roam and should not be confined to specific areas.⁶⁸

⁶⁴*Historical Records Australia*, Series I, volume 21, 118-19.

⁶⁵Philip McMichael, *Settlers and The Agrarian Question*, (New York; Cambridge University Press, 1984), 304.

⁶⁶*Historical Records Australia*, Series I, volume 21, 122-34.

⁶⁷Governor George Gipps, *Memorandum on the disposal of lands in the Australian Provinces*, December 9, 1840; Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 93.

⁶⁸*Historical Records Australia*, Series I, volume 21, 127.

Consequently, the increased upset price for land in the Australian colonies, as stipulated by the Act for Regulating the Sale of Waste Land belonging to the Crown in the Australian Colonies in 1842, had significant implications for the settlers and potential land buyers. With regard to land pricing policies, the upset price refers to the minimum price set by the government for the sale of land. In this context, the increased upset price to one pound per acre was a substantial raise from previous pricing structures. It aimed at ensuring that land sales generated more revenue for the government. There was a significant impact on settlers. The higher upset price had a direct impact on settlers and potential land buyers, making land acquisition more expensive. This move was likely intended to generate increased revenue for the colonial administration and discourage land speculation.

Furthermore, the colonists, or settlers in the Australian colonies, were generally opposed to the increased upset price. They viewed it as an impediment to their ability to acquire affordable land and establish themselves in the colonies. In particular, the opposition was particularly strong in regions such as Port Phillip. Lord Stanley, as the Secretary of State for War and the Colonies, played a crucial role in shaping the land policies. His instructions to Governor Gipps reflected the British government's approach to land sales and pricing in the Australian colonies.⁶⁹

As a result, legislative changes confirmed colonists' worst fears. The 1842 Act for Regulating the Sale of Waste Land became the legislative instrument through which the new pricing policies were implemented.⁷⁰ It formalized the increased upset price of one pound per

⁶⁹Lord Edward Stanley to Governor George Gipps, Dispatch no 12; *Memorandum on Land Legislation*, September 15, 1842, Historical Records Association, XXII, 279-84.

⁷⁰5 & 6 Viet. c. 36. 1842; *An Act for Regulating the Sale of Waste Land Belonging to the Crown in the Australian Colonies*, British Parliamentary Papers (Irish University Press, 1968); This act confirmed the colonist's worst fears by increasing the upset price to one pound throughout the colony.

acre throughout the colony. Because of this, British involvement became ever more present in the Australian colony. For example, parliamentary legislation in the subsequent year, 1843, indicated that the British government was considering broader changes to land policies in the Australian colonies. This demonstrated an ongoing interest and intervention in colonial affairs. Overall, the increased upset price was part of a broader policy shift in the mid-19th century, reflecting the evolving relationship between the colonial administration and the British government, as well as the economic considerations surrounding land sales.

During the 1840s, colonists argued that the increase in the minimum price of land at government auctions had several consequences. One, colonists contended that the higher minimum price led to a reduction in land revenue. Two, immigration slowed. The increase in land prices was believed to have slowed down immigration, hindering the progress of the colony.⁷¹ Three, attribution was given to the Wakefield's System. Some colonists attributed the government's decision to raise prices to its commitment to implement Edward Gibbon Wakefield's system, which aimed to control and regulate land distribution.⁷²

Four, the Committee Report played a vital role in the changes that occurred. As a result, in 1849, the Select Committee on Crown Lands reported that the 1842 Act, which increased land prices, was intended to achieve objectives contrary to the restrictive policy attributed to it. However, in October 1841, Lord Stanley wrote to Governor Gipps, confirming that even

⁷¹Select Committee reports identify these concerns; the report of the 1843 Committee on the Act of Parliament Regulating the Sale of Crown Lands; the reports of the 1842, 1845, 1847 and 1849 Committees on Immigration, the 1844 report on Crown Land Grievances and the report of the 1849 Committee on Crown Lands.

⁷²Edward Gibbon Wakefield, *A View of the Art of Colonization in Present Reference to the British Empire; In Letters Between a Statesman and a Colonist*, (London; John W Parker, 1849).

with a price increase of twenty shillings per acre, the purchase of land would not be hindered, and the land fund would continue to grow.⁷³

In December 1840, Governor Gipps submitted evidence of land growth for 1838 and 1839 to Lord Stanley, confirming the observations that the land fund continued to grow despite the increase in land prices. However, the British government faced a dilemma, as there was a belief that increasing the price of land could replenish the treasury.⁷⁴ Sir Robert Peel, the Prime Minister of Great Britain, informed the House of Commons in 1841 that the New South Wales Treasury was bankrupt. In response, the government continued to raise the price of land as a measure to address the financial difficulties. This decision reflected the perspective that, despite economic challenges, increasing land prices could contribute to financial recovery.⁷⁵ The situation highlights a complex interplay between economic considerations, land policies, and the financial health of the colony during this period. As a result, the British government grappled with various factors while attempting to manage the economic affairs of New South Wales.

Nevertheless, Governor Gipps faced a challenging situation where there were simultaneous demands for immigration and complaints about the depletion of the land fund. Despite the consistent demand for more immigrants, suggestions for replenishing the funds were scarce. Gipps was unwilling to entertain monetary schemes unless the colonists reduced government expenses and demonstrated a willingness to contribute to immigration funding. In

⁷³Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 94.

⁷⁴William Macarthur, *William Macarthur Papers*, volume 92, Mitchell Library.

⁷⁵*Historical Records Australia*, Series I, volume 21, 686.

addition, Gipps did not view the increased price of land as a solution to New South Wales's difficulties. Consequently, he disagreed with the idea of reducing the minimum price of land to stimulate land sales. Gipps believed that increased land sales were crucial for generating revenue to support ongoing immigration. There were arguments that squatters, who benefited from immigrant labor, should contribute to the immigrants' passage costs. In contrast, squatting fees, provided limited revenue, despite the expansion of squatters' occupied areas in the late 1830s and 1840s. The dispersion of squatters across a broader region went against the concentration sought in land sales regulations. This difficulty emerged in balancing financial concerns, immigration demands, and land policies that contributed to the challenges faced by the colonial administration.⁷⁶

Moreover, the squatting districts, spanning from Hervey Bay in the north to Wilson's Promontory in the south, housed one-sixth of the colony's population (9,885 persons) and accommodated two-thirds of the colony's sheep (3,023,048).⁷⁷ Despite this concentration, the net revenue derived from the occupation of land in these districts was meager.⁷⁸ Lord John Russell, in a dispatch dated June 20, 1841, observed that the revenue obtained from de-pasturing licenses and stock assessments in these districts was small compared to the value of the occupied land.⁷⁹ To address this, Russell suggested a substantial increase in these fees. However, Governor Gipps was initially unwilling to implement such increases.⁸⁰ In a speech

⁷⁶G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 158.

⁷⁷*Historical Records Australia*, Series I, volume 23, 510.

⁷⁸*Historical Records Australia*, Series I, volume 23, 510.

⁷⁹Lord John Russell, *Dispatch on revenue received from de-pasturing livestock assessments*, June 20 1841.

⁸⁰*Historical Records Australia*, Series I, vol 23, 510.

on September 9, 1842, Gipps made it clear that the squatting districts would be the first source of additional revenue he would consider. As demands for more immigrants grew louder in the colony, Gipps moved closer to implementing changes in the fees and regulations related to squatting, aiming to enhance revenue streams.⁸¹

Furthermore, by the end of 1843 Gipps was advised that the British government had decided to resume emigration to New South Wales. Subsequently, Gipps quickly replied, stating that there were no funds available and that there was considerable unemployment.⁸² As a result, Gipps was now forced to issue new regulations.⁸³ These new regulations on squatting licenses appeared in the *Government Gazette* on April 2, 1844 and the *Sydney Morning Herald* on May 13, 1844.⁸⁴ The new regulations stipulated that individuals occupying stations in different districts would need to obtain a separate license for each district and each new station occupied. Gipps believed it would be more beneficial to retain the fee of £10 but introduce limitations on the quantity of land or stock that could be occupied or de-pastured under a single license. This approach aimed to increase revenue and ensure that occupiers paid in proportion to the extent of land they held.⁸⁵

In particular, Governor Gipps' proposed changes to squatting licenses faced opposition from squatters who sought to maintain their control over large areas of land. Gipps argued that some squatters were exploiting Crown lands and monopolizing extensive territories. The

⁸¹Michael Cannon, and Ian MacFarlane, *The Crown, the Land, and the Squatter, 1835-1840*, (Melbourne; Melbourne University Press, 1991), 464.

⁸²*Historical Records Australia*, Series I, volume 23, 248.

⁸³*Historical Records Australia*, Series I, volume 23, 515.

⁸⁴*The NSW Government Gazette* April 2, 1844; *Sydney Morning Herald* May 13, 1844.

⁸⁵*Historical Records Australia*, Series I, volume 23, 790-5; volume 24, 562-567, 733-39.

proposed increases in fees for squatting licenses were designed to impact larger squatters more significantly. In response to these changes, a general meeting was convened at the Royal Hotel in Sydney, during which seven resolutions were passed. Among these, four resolutions outlined specific procedures, and one expressed the supportive stance of the colony's commercial and trading classes for the meeting's objectives.⁸⁶

Unquestionably, resolutions set the tone of the meeting. During the meeting, W. C. Wentworth verbally expressed the question of alarm created by the new regulations. Also Benjamin Boyd objected vocally to yearly leases together with the uncertainty of tenure.⁸⁷ The remaining four resolutions were to forward petitions to the Queen, both Houses of Parliament, the Governor and the Legislative Council; establish The Pastoral Association of New South Wales and secure pastoral interests of the colony; form a committee which would carry out the objectives of this meeting; and send copies of the resolutions passed to various districts of the colony.⁸⁸

Moreover, Gipps had wished to deliver the colony from the squatters abuse. Interestingly, but both the small and the large squatters saw themselves as threatened. The situation unfolded as Governor Gipps issued regulations that, despite the claims of large squatters like Wentworth and Boyd, were not altered. As previously stated, the regulations, published on April 2, 1844, specifically addressed new licensing procedures. In his dispatch on April 3, 1844, Gipps mentioned a proposal to allow squatters to purchase a homestead,

⁸⁶Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 97.

⁸⁷Jan Kociumbas, *The Oxford History of Australia; Vol 2, 1770-1860*, (Melbourne; Oxford University Press, 1992), 192.

⁸⁸*Historical Records Australia*, Series I, volume 23, 856-7.

assuming that the 1842 Land Sales Act would continue.⁸⁹ This purchase would occur at an auction for cash, with a minimum price of one pound per acre.⁹⁰ Gipps didn't reveal this proposal in New South Wales until May 13, 1844, waiting for the initial wave of protest to subside. However, the squatters remained discontented.⁹¹

Because of this, the Select Committee on Crown Land Grievances, were appointed to investigate the regulations. They gathered evidence from various sources, including the Surveyor-General, prominent squatters like Benjamin Boyd, Frances Kemble from the mercantile community, and James Macarthur, a long-established figure in the colony. The committee sought letters from squatters in different districts, and the majority of responses criticized the high minimum price of land and the uncertainty of tenure in squatting districts.⁹²

Consequently, the committee's report was brought before the Executive Council on September 16, 1844, where Bishop Broughton and Governor Gipps defended the regulations.⁹³ Broughton argued that there was no evidence to support the claim that land sales would have ceased if the price had been maintained at five shillings. He suggested that the lower price had led many immigrants to deplete their capital in purchasing land, leaving them with no working capital. This, in turn, discouraged further immigration of capitalists,

⁸⁹*British Parliamentary Papers*, "An Act for protecting the Crown Lands of the Australian Colony from encroachment, intrusion, and trespass, 4 William, IV, No 10"; 'An Act for protecting the Crown Lands of this Colony to restrain unauthorized occupation, 1836'; 7 William, IV, No 4; "An Act for Regulating the Sale of Waste Land Belonging to the Commonwealth in the Australian Colonies;" 5 & 6" Viet c 36, 1842, Sydney; Irish University Press, 1968; National Archives UK, TS 25/289.

⁹⁰*Historical Records Australia*, Series I, volume 23, 512.

⁹¹Michael Cannon, and Ian MacFarlane, *The Crown, the Land, and the Squatter, 1835-1840*, (Melbourne; Melbourne University Press, 1991), 464.

⁹²*Historical Records Australia*, Series I, volume 23, 830.

⁹³*Historical Records Australia*, Series I, volume 23, 831-44.

contributing to a depression during 1842-1843. Despite some growth in the 1840s, the best land had already been occupied without substantial investment in fencing and water supplies. Without further geographical expansion, the opportunities for high profits diminished, and British capital was no longer readily available. This, coupled with drought and mercantile failure, contributed to a broader economic decline.⁹⁴

As a result, evidence collected by the Select Committee found that the regulations then in operation were regarded as destructive of the moral and social well-being in the squatting areas. In addition, the committee had advocated recalling Gipps regulations, which were designed to remove these defects. Yet, it offered no specific alternative to secure the rights of the Crown except to pronounce principles which offered security to just the squatters.

According to Broughton, the rights of the Crown were designed to protect the interests of the whole community, but these points did not alter the committee's report. Lord Stanley repudiated the committee's claim, attributing the decline in land sales to the increased price and stated that it was the result of speculative purchases of land. Stanley endorsed Gipps' suggestion that revenue should be raised from squatting districts for immigration.⁹⁵ In response to their inability to have the regulations withdrawn in Sydney, the squatters organized in London. The efforts to influence and contest the regulations extended beyond the colony, reflecting the global connections and interests of those involved in the Australian pastoral industry.

⁹⁴Ben Huf, *The Capitalist in Colonial History: Investment, Accumulation and Credit-Money in New South Wales*, *Australian Historical Studies*, Volume 50, Issue 4; *New Histories of Capitalism*, 2019, 418-440.

⁹⁵*Historical Records Australia*, Series I, volume 24, 205.

By 1845, thirty per cent of the wool imported into Great Britain came from Australia and the percentage was still growing. This data represented a definite shift in global markets and in the modes of production for fine wool.⁹⁶ Australia had battled with Germany over a twenty-year period for a share in the global production of fine wool. (Table 2.4).

Table 2.4: Imports of Wool into Britain (thousands of bales), 1830-50

	German	Australian
1830	74.5	8.0
1840	63.3	41.0
1850	30.5	137.2

Source: William Sinclair. *The Process of Economic Development in Australia*. Melbourne: Cheshire Publishing Pty Ltd. 1976, 46.⁹⁷

In order to support this claim, petitions were drafted by those interested in and connected with the trade of the colony expressing alarm at Gipps regulations. Subsequently, signed petitions were forwarded directly to Stanley. The sentiments expressed underscored the interdependence between the Australian wool trade, woolen manufacturers, and the prosperity of the Australian colony. Additionally, there was a call for more appropriate legislation from Britain. This would ensure the stability and growth of the wool supply independent of fluctuations in foreign markets.⁹⁸

Even though, arguments ensued over the twenty-one-year leases for squatters that this action would promote the mutual interests of the crown and the tenant, eventually this would

⁹⁶William Sinclair, *The Process of Economic Development in Australia*, (Melbourne; Cheshire Publishing Pty Ltd., 1976, 46.

⁹⁷William Sinclair, *The Process of Economic Development in Australia*, (Melbourne; Cheshire Publishing Pty Ltd., 1976, 46.

⁹⁸G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 172.

lead to a more permanent prosperity of the Colony. Also, it would offer a greater and lasting impulse to the Australian woolen manufactures.⁹⁹

It should be noted that the petition reflects a complicated dynamic where Governor Gipps is portrayed as prioritizing the protection of the rights of the colonists and their descendants. Gipps aimed to increase land revenue to support the colony's needs, including sustaining the flow of immigration. On the other hand, the large-scale squatters argued that their actions were geared towards ensuring the prosperity of a crucial British industry, specifically the wool trade.¹⁰⁰ The large-scale squatters contended that they wouldn't have been financially capable of maintaining their additional stations if certain regulations were imposed.

In particular, the petition suggests that the government's retention of control over the land was, in practical terms, an acknowledgment of the limited capacity of colonial Australia to effectively challenge the interests of the influential squatters. This underscores the intricate balance between economic considerations, the interests of British industries, and the local needs and aspirations of the colonists.

Clearly, Lord Stanley's response to the opposition from squatters demonstrates a recognition of the challenges they faced in acquiring the prescribed number of acres under Governor Gipps' regulations. In an attempt to address these concerns, Lord Stanley introduced leases for pastoral purposes, valid for twenty-one years and purchasable at auction. As mentioned, this alternative was designed to align with the provisions of the 1842 Land Sales

⁹⁹*Historical Records Australia*, Series I, volume 24, 573.

¹⁰⁰Michael Cannon, and Ian MacFarlane, *The Crown, the Land, and the Squatter, 1835-1840*, (Melbourne; Melbourne University Press, 1991), 464.

Act. However, squatters expressed apprehension about this arrangement, particularly regarding the risk of losing their stations to speculators at auction.¹⁰¹ This concern underscores the intricacy and tensions surrounding land policies, economic interests, and the competing needs of various stakeholders during this period in colonial Australia. The introduction of leases aimed to strike a balance between regulatory control and the practical challenges faced by those engaged in pastoral activities. Consequently, Lord Stanley compromised. He offered a seven-year lease which was incorporated into a bill introduced into Parliament by George William Hope, the Under-Secretary for Colonies, during the 1845 session.¹⁰²

According to Lord Stanley, its basic principles, were to retain the *1842 Land Sales Act*, make unsold Crown lands productive and give security of tenure to occupiers of unsold lands on easier terms than were possible under the existing act.¹⁰³ As leases would have to be granted on a seven-year basis, Gipps discerned in it the triumph of squatterdom.¹⁰⁴ The seven-year lease was intended to curb speculation. Gladstone, who was in turn replaced by Earl Grey in July 1846, had replaced Lord Stanley at the Colonial Office. Hope's bill had not been passed in 1845 but the squatters' spokesmen in London continued to attack the Colonial

¹⁰¹*Historical Records Australia*, Series I, volume 24, 438.

¹⁰²Marie Hedrick, *Australia's Colonial Wool Industry; A Sheep-Walk for the Benefit of British Imperialism, 1788-1851*, Order No. 28391757, (University of Hawai'i at Manoa, 1998), 100.

¹⁰³*Historical Records Australia*, Series I, vol 24, 437; *British Parliamentary Papers*, "An Act for protecting the Crown Lands of the Australian Colony from encroachment, intrusion, and trespass, 4 William, IV, No 10"; 'An Act for protecting the Crown Lands of this Colony to restrain unauthorized occupation, 1836'; 7 William, IV, No 4; "An Act for Regulating the Sale of Waste Land Belonging to the Commonwealth in the Australian Colonies;" 5 & 6 Viet c 36, 1842, Sydney; Irish University Press, 1968; National Archives UK, TS 25/289.

¹⁰⁴Stephen Roberts, *The Squatting Age in Australia 1835-1847*, (Singapore; Melbourne University Press, 1970), 378; A A Hayden, Stephen H Roberts, "The Squatting Age in Australia, 1835-1847," *The Historian*, 28(2), 1966, 365.

Office with appeals. Eventually an act was passed in August 1846, to amend an Act for regulating the sale of Waste land belonging to the crown in the Australian Colonies.¹⁰⁵

Consequently, The Australian Lands Act of August 1846 reflected a shift in the approach to land tenure and management, particularly addressing the concerns of squatters. The act granted squatters long leases, providing them with a more stable and secure legal basis for their pastoral activities. This legislative change represented an adjustment to the land policies in response to the challenges faced by squatters and the need for a more workable system outside the established limits of location.¹⁰⁶

Governor Gipps, despite having left the colony by this point, had previously encountered challenges in implementing land regulations. The failure of the 1845 bill prompted the need for alternative measures, leading to the introduction of the Australian Lands Act of 1846. This legislation aimed to strike a balance between regulatory control and the practical needs of the pastoral industry, offering long-term leases as a means of providing stability for squatters operating beyond the established limits.¹⁰⁷ Earl Grey had explained that yearly leases precluded improvements. However, leases for longer periods would promote the interests of both the public and of the individual occupiers of undocumented lands. Improvements, such as those in need of a permanent supply of water, would guarantee an increase in sheep and the production of a better woolen product.¹⁰⁸

¹⁰⁵9 & 10 Vic c 54, 1846; "An Act to Amend the 1842 Act for Regulating the Sale of Waste Land belonging to the Crown in the Australian Colonies," *The Australian Land Act of August 1846* gave the squatters what they wanted, long leases.

¹⁰⁶*Australian Lands Act of August 1846.*

¹⁰⁷*Australian Lands Act of August 1846.*

¹⁰⁸G J Abbott, *The Pastoral Age*, (Sydney; The MacMillan Company of Australia Pty Ltd, 1971), 136.

As a result, the argument put forward is that this would place a check on those who engaged in pastoral pursuits over most of the country. This was to a Wakefield adherent theoretically correct. However, Earl Grey had not considered the fact that these were varying densities of sheep population within particular districts. In addition, they had not paid attention to Gipps remarks on land monopolization by large-scale squatters. Gipps had tried to obtain land out of the hands of those who had occupied large areas without exploiting them. Clearly, Earl Grey had now given them the land to hold. In the unsettled districts, the governor could grant leases for pastoral purposes to persons he considered fit for a period not to exceed fourteen years. In intermediate districts, leases could be granted for eight years with annual renewals thereafter. In settled districts, annual leases were available.¹⁰⁹

Clearly, The Australian Lands Act of 1846, with its provisions such as long leases and pre-emption rights, represented a compromise between the colonial authorities and the squatters. It aimed to address the concerns and demands of the pastoral industry while maintaining some level of regulatory oversight. In addition, the provision allowing individuals who had occupied a run for twelve months to demand a lease within six months of the Order's promulgation in New South Wales was a significant concession to the squatters. This arrangement aimed to provide a level of security and certainty for those actively using and developing the land. The right of pre-emption allowed squatters the opportunity to purchase the land they were occupying before it was offered to others, ensuring a degree of control over their pastoral operations.

¹⁰⁹Stephen Roberts, *The Squatting Age in Australia 1835-1847*, (Singapore; Melbourne University Press, 1970), 378; A A Hayden, Stephen H Roberts, "The Squatting Age in Australia, 1835-1847," *The Historian*, 28(2), 1966, 365.

Because the squatters had been allowed to determine the form of legislation for all the colony, a confrontation between the squatters and the rest of the colonists would be inevitable.¹¹⁰ Most importantly, squatters now controlled the land and New South Wales was cast in a pastoral mold. The shortage of labor continued to be a constant complaint from 1843 onwards. Furthermore, Earl Grey's attempt to resume transportation of convicts to New South Wales late in the 1840's proved unsuccessful even though it received support from many influential squatters.¹¹¹

Although the British government and the local authorities did not want to recognize the early discovery of gold, gold had played a major role in the history of Australia.¹¹² Even though in 1823, James McBrien discovered traces of gold in Bathurst, New South Wales, it was not publicized. The authorities were concerned that all the convicts, soldiers, and public servants would quit working in order to search for gold and there would be no one to run the colony. Also, in 1841, Rev. W. B. Clarke discovered a gold nugget around Cox's River within the Blue Mountains, New South Wales. When Rev. Clark mentioned the discovery of gold to Governor Gipps, the Governor was shocked. Gipps advised Reverend Clark to hide the gold or they would be killed!¹¹³ In addition, by 1851, Edward Hargraves, who had just returned from the gold fields in California, and his colleagues discovered gold near Bathurst.

¹¹⁰John Dunmore Lang, *An Historical and Statistical Account of New South Wales*, vol 1 (London; Sampson Low, Marston, & Co, 1875), 303-304.

¹¹¹John Dunmore Lang, *An Historical and Statistical Account of New South Wales*, vol 1 (London; Sampson Low, Marston, & Co, 1875), 356-364.

¹¹²N G Butlin, *Investment in Australian Economic Development, 1861-1900*, (Cambridge; Cambridge [England] University Press, 1964), 477.

¹¹³Manning Clark, *A Short History of Australia*, (New York; NAL Penguin Inc, 1963), 253.

Eventually this discovery was publicized.¹¹⁴ Within a month, over a thousand men had arrived in the local area looking for gold which explained the spike in the immigrants according to figure 20. Because gold was found in this area, it was called Ophir with reference to the biblical narrative of King Solomon's gold city.¹¹⁵

In conclusion, wool played a crucial role in the economic, social, and political developments of Australia during the 1820s and 1830s. With regard to economic significance, the growth of the wool industry became a cornerstone of the Australian economy during this time frame. Wool emerged as a major export commodity. It contributed significantly to the country's economic development. It began with the breakdown of the penal colony and then becoming self-sufficient. The success of wool exports attracted entrepreneurs and investors who saw opportunities in pastoralism. Large scale landholders, often former convicts and military officers, became significant figures in the wool industry. Therefore, the economic success driven by wool exports played a role in the breakdown of the penal system. As the colonies became more economically self-sufficient, there was less reliance on convict labor, and new economic opportunities emerged. This prosperity brought by the wool industry contributed to a shift toward a more free-market economic system. As a result, the importance of wool exports led to a transformation in land usage, with large-scale pastoral enterprises becoming more dominant.

In addition, political and government influence played a key role. Government individuals who found success in the wool industry often received large land grants,

¹¹⁴David Hill, *The Gold Rush; The Fever That Forever Changed Australia*, (William Heinemann Australia, 2011), 498.

¹¹⁵*The Bible*, Authorized King James Version, (Oxford UP, 1998), 1 Kings 9;28.

enhancing their influence and economic power. The distribution of land played a pivotal role in shaping the political landscape of the Australian colonies. The wealth generated from wool exports created a class of wealthy landowners and entrepreneurs who exerted influence over political and social affairs. These individuals often had close ties to government officials and were instrumental in shaping policies that favored their economic interests. The success of wool as an economic staple contributed to the development of a class structure in Australian society, with a distinct division between the wealthy pastoralists and other segments of the population. Consequently, wool played a multifaceted role in Australia during the 1820s and 1830s, driving economic growth, influencing the breakdown of the penal system, and shaping the political and social landscape of the emerging nation.¹¹⁶

Furthermore, the theoretical framework of the staples approach, pioneered by Dr. Harold Innis, offers a distinct perspective on economic development, introducing a historical dimension to the analysis of pivotal commodities for industry and government. Unlike mainstream economic theories, the staples approach emphasizes the historical evolution of key commodities, particularly within the context of imperial powers. This framework is deeply rooted in economic history, specifically focusing on the characteristics of production within specific sectors, such as the wool industry. A key feature of the staples approach is its attention to the institutional environment and the roles that emerge as a result of the unique characteristics of staple production.

By concentrating on a specific economic sector, the staple approach brings together interdisciplinary perspectives, integrating historical, political, and economic analyses. This integration allows for a better understanding of the causal mechanisms that shape economic

¹¹⁶P Burroughs, *Britain and Australia, 1831-1855*, (Oxford; Clarendon Press, 1967), 419.

development. As a result, the history of wool production, government legislation, and the migration of sheep, coupled with the dynamics of the Australian land economy, are all integral components that contributed to the success of wool as a staple product. Most importantly, the staples approach, provides a comprehensive framework for examining the interconnected relationships and historical processes that have influenced the development of specific commodities. It identifies the complex interplay between economic structures, institutions, and historical contexts.

Consequently, British investment played a pivotal role in the success of the Australian wool industry during the 19th century. Initially, there were capital requirements from British investors. Establishing and expanding the wool industry required substantial capital for purchasing land, acquiring sheep, building infrastructure such as shearing sheds and wool presses, and covering operational costs. British investors provided the necessary funds to undertake these large-scale ventures. Then, there was technological expertise. The expertise and technology required for efficient wool production often came from Britain. British investors not only brought financial resources but also contributed technological advancements. They had the know-how to improve the efficiency and the productivity of the wool industry in Australia.

Following this, market access played a key role. Britain was the primary market for Australian wool during this period. British investors had a vested interest in ensuring a stable and thriving wool supply from Australia to meet the growing demand for wool in the textile industry. This mutual economic interest strengthened the ties between Australian wool producers and British investors. Then, infrastructure needed to be developed in order to sustain growth and investment. British investment played a crucial role in developing the

necessary infrastructure for the wool industry, such as transportation networks (roads and later railways), ports, and storage facilities. These developments facilitated the efficient transport of wool from the interior of Australia to the ports for export.

Undoubtedly, the sheep breeding program was pivotal. British investors, along with skilled shepherds and experts, contributed to the development of specialized sheep breeds suited for the Australian climate and conducive to high-quality wool production. These breeding programs were instrumental in improving the overall quality of Australian wool. Subsequently, market linkages were created. British investors provided Australian wool growers with essential market linkages. They had established connections with British textile manufacturers and traders, ensuring a steady and lucrative market for Australian wool in the heart of the Industrial Revolution. Economic influence was crucial. British investors often held significant economic and political influence in the Australian colonies. The economic success of the wool industry contributed to the emergence of a wealthy class of landowners and entrepreneurs who, in turn, influenced colonial politics and policies. British investment was instrumental in its role. The collaboration between Australian wool producers and British investors was a symbiotic relationship that fueled the growth of the industry and had far-reaching effects on the economic and social landscape of both Australia and Britain.

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