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The development of coal trade in the
Wollongong district of New South Wales,
with particular reference to government
and business, 1849-1889

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EPILOGUE

The creation and subsequent disintegration of the Wollongong Harbour Trust marked, respectively, the peak and the demise of Wollongong's businessmen as the dominant political force in the district. They had never been its economic masters; that had been the privilege of its large landowners until they were replaced progressively by owners of mining capital, and even these were subject to national and international market forces beyond their ability to control. However, the businessmen's ability to manipulate electoral and, to a limited extent, Parliamentary processes had sustained the illusion that it lay in their gift to make and unmake the Wollongong district in accordance with their interests. The depression of the 1890s did not shatter that illusion, for by then the local economy more than approximated the model they had established for it in the 1850s.

Nonetheless, the economic and social crisis of the 1890s, if it did not shatter, certainly produced cracks in the notion of regional community that the businessmen had striven to build over nearly 40 years. The onset of depression, and the great Maritime Strike of 1890 marked a halt in the onward march of the capitalist market economy in the Australian Colonies. That economy no longer delivered steady growth, it no longer meant rising profits and it no longer guaranteed employment. The Wollongong miners and their union were swept up in the crisis. Refusing employer demands for wage reductions, they brought the coalfield to a standstill in the last months of 1890, the last miners not returning to work until early 1891.¹ The liberal consensus in New South Wales was passing away. With it went the system of faction politics, which was consumed by the interests of organised labour and organised capital.

The depression hastened the formation of continuous political parties, Labor to represent trade union and other collectivist responses to market capitalism, and Free Trade and Protection to represent the different fractions of Colonial capital. The first direct challenge to faction politics had come in 1887, as the first signs of the coming crisis began to emerge. In the general election of that year central councils of the Free Trade and Protection parties were

¹ For an account of the Maritime Strike in Wollongong and of the Wollongong miners' union generally, see W. Mitchell, *The Miners of Southern N.S.W.: A History of the Union to 1900*. Unpublished M.A. Thesis, University of New England, 1964.

established for the purpose of co-ordinating activities in the electorates.² Following the election it 'was clear in the parliament . . . that political divisions were being reshaped along party lines'.³ The entry of the Labor Party at the 1891 general election consolidated the process of political change.

The centralised, disciplined and continuous party system sapped the capacity of regional interests to manipulate Ministries and Parliaments. It meant that once a Ministry was formed, even if it held a majority of only one in the House, it could in the normal course of events be guaranteed Parliamentary survival. Regionalism was by no means removed as a factor in New South Wales politics, but it had ceased to have the potency it once possessed. Regional capitalism, of which the Wollongong district was a prime example, was giving way to an era of 'national' capitalism, marked by large companies whose interests were better served by more permanent and predictable forms of political organisation. In the Wollongong coal trade a good example of the new kind of capitalism was the Metropolitan Coal Company, the creation of Newcastle, Victorian and English capitalists. The Bellambi Company, established by intercolonial shipping and merchant interests was another. Indeed, it was William McMillan of the Metropolitan Company who was the driving force behind the creation of a centralised electoral machine and the establishment of an official Free Trade, or Liberal, party in the Legislative Assembly.⁴

The future belonged to these institutions and individuals rather than to provincial business interests, which were served best by a central authority whose relative weakness allowed them their best opportunity for acquiring public capital for their private purposes. However, as this thesis has shown, even that opportunity was riddled with uncertainty, so fluid and uncontrollable was the faction system. Yes, the system had allowed Wollongong's businessmen to achieve their declared objective, but not on their own terms. Their apparent successes, Wollongong Harbour, the Illawarra Railway and the Wollongong Harbour Trust, had been given to them only because far more powerful economic and political forces had

2 P. Loveday, A.W. Martin. & P. Weller, 'New South Wales'. In P. Loveday, A.W. Martin & R.S. Parker (Eds), *The Emergence of the Australian Party System*. Hale & Iremonger: Sydney 1977, p.178.

3 *ibid.*, p.179.

4 A.W. Martin, 'The Legislative Assembly of New South Wales, 1856-1900'. *Australian Journal of Politics and History*, 2(1), November 1956, p.65.

rendered them necessary. Their only achievement had been in ensuring that their political agents kept these schemes on the Parliamentary agenda. Despite decades of effort they had failed abjectly to secure for their district a large, safe deepwater port capable of getting Wollongong coal direct to intercolonial and overseas markets in quantity.

That port was secured for the district within a few years of the dissolution of the Wollongong Harbour Trust. It was built at Port Kembla, south of the town of Wollongong, where the Mount Kembla Coal and Oil Company had been shipping its coal from a private jetty since 1883. Largely owing to pressure placed on the New South Wales government by the southern coal proprietors, principally those of the Mount Kembla Company,⁵ the Parliamentary Standing Committee on Public Works recommended in 1897 that the government fund and construct 'a capacious and secure harbour'⁶ for the Wollongong coal trade. Over the next two years the government met all claims outstanding against the old Harbour Trust, totalling £20,905,⁷ and authorised the raising of £75,000 to commence work on the new Port Kembla Harbour.⁸ Only from this point can Noel Butlin's conception of 'colonial socialism' as a 'partnership' between government and major private institutions be applied to economic development in the Wollongong district.

The new port was something that decades of ceaseless activity had failed to produce for local businessmen. When the 1897 Standing Committee on Public Works took evidence on the Port Kembla proposal, some of them continued to press for the new port to be located close to the town of Wollongong itself and, thus, their business houses. That was one option considered by the Committee, the other two being Port Kembla and Bellambi. However, when it became clear that Wollongong was not a serious contender, its businessmen threw in their lot with Port Kembla on the grounds that it was closer to the town than was Bellambi, and that a

5 See G. Mitchell, 'Company, Community and Government Attitudes, and their Consequences, to Pollution at Port Kembla, with Special Reference to the Electrolytic Refining and Smelting Company, 1900-1970'. Unpublished Ph.D. Thesis. University of Wollongong, 1981, Chapter 1.

6 Quoted by J. Bird, *Seaport Gateways of Australia*. Oxford University Press: London 1968, p.162 (see Chapter 8: 'Port Kembla and Whyalla').

7 Calculated from items in Loan Act of 1896, Appropriation Act of 1896-7 and Loan Act of 1897.

8 Calculated from items in Loan Act of 1898 and Loan Act of 1899.

tram system could be built to draw ships' crews and others to their shops.⁹ Thus, they had become auxiliaries to the owners of mining capital.

One incident of the mid 1880s will serve to illustrate the new political order of things that came to the district along with the expansion of mining investment. In July 1884 Charles Stuart, nephew of Alexander Stuart and manager of the Coalcliff mine, gave the local butcher, a Mr. Colleary, three months notice to quit his premises, which were owned by the Coalcliff Coal Company. Colleary, it appears, had taken advantage of the large number of labourers brought to the area to build the Illawarra Railway, to increase the price of his meat. Stuart, foreseeing demands from his miners to increase wages to compensate for the rise in meat prices, acted to prevent this. He informed Colleary that 'I cannot afford to pay [higher wages] and will at once set about to get reduced [meat prices] by promoting a good opposition'. That is, Colleary was being removed for threatening the Coalcliff Company's profit levels and industrial relations, and another small businessman would be brought in who would act in accordance with the Company's interests.¹⁰

Politics and public policy in Wollongong had truly passed from the control of its businessmen. However, that did not really matter to them. The district was now established as a major coal mining centre and in due course Port Kembla would become a focus for large scale smelting and iron and steel works. The latter, though, eventuated in a new century, under a new set of economic conditions and a new system of Parliamentary politics, and is thus beyond the scope of this thesis.¹¹ Nonetheless, by the mid/late 1880s what the businessmen wanted had come to pass. There was, therefore, no necessity driving them to dominate public policy as they had in the past. They could now settle in behind those owners of capital who had invested in the coalfield and reap the benefits of the trade that they had sought to create but which in reality they had had and would continue to have no control over. Only when the end of the post World War II boom brought something of deindustrialisation to the district would they again

9 Drawn from a reading/perusal of *Report together with Minutes of Evidence, Appendices, and Plans Relating to the Proposed Construction of a Deepwater Harbour at Port Kembla*. In *Journal of the Legislative Council of New South Wales*, Session 1897, Vol.56, Pt.3.

10 Charles Stuart to Mr. Colleary, Clifton, 19 July 1884. Coal Cliff Coal Company. Letterbooks, Vol.1, p.416. Mitchell Library MSS1140.

11 For an account of that development, which examines it in its full economic, political and social context, see Mitchell, 'Company, Community and Government Attitudes', *op.cit.*

seek to control its economic destiny. Their only lasting legacy was the delivery to owners of mining and manufacturing capital of a population which saw in the pursuit of economic growth at almost any cost the only path to the good society.

It must be said, though, that their attempt to intervene in the process of economic change and development in the second half of the nineteenth century, while ultimately futile, did contribute to the decisive event of the period—the financial crisis that brought Australia's first long economic boom to an end. They had believed, probably genuinely, that they were establishing British civilisation in Wollongong and unfolding all that was best in the liberal conception of the value and liberty of the individual. However, all of this was devalued by their love of money and their relentless pursuit of public capital to finance their schemes for personal enrichment. To the extent that Wollongong's businessmen and their allies influenced government to spend ever increasing sums of public money for speculative projects, they contributed to what Andrew Wells has termed a 'pattern of public expenditure [that] could not be sustained', particularly in the 1880s when returns from exports and outlays of private and public capital were failing to keep pace with the interest burden on British loans.¹²

In some ways the public and private borrowing excesses of the 1880s bear some comparison with those of the 1980s, both made possible by a capital market over which there was exercised little regulation, government or otherwise. The belief common to both decades was that open access by entrepreneurs to large quantities of capital would generate economic wealth, employment and abundance for all. These things were generated, for a short time, but only at the cost of economic crisis and social distress when the returns from speculative investments faltered. In the nineteenth century governments were little concerned with identifying whether the capital imported into New South Wales was being directed to productive, wealth generating activities or into grand sounding schemes which were essentially exercises in private speculation. The distinction between 'public' and 'private' in economics and politics was not often clear. The replacement of factions and regional capitalism by parties and 'national' capitalism could not be said to have sharpened the distinction or to have produced an economic system more stable or predictable than its nineteenth century counterpart. Thus,

12 A. Wells, *Constructing Capitalism: An Economic History of Eastern Australia, 1788-1901*. Allen & Unwin: Sydney 1989, p.104.

neither Wollongong's businessmen nor the institutions or individuals with which they interacted could be accused of economic naivety or ignorance. It was a question of whose and what ends they believed an economy was there to serve.

In 1962 S.J. Butlin, in a study of the role of planning in Australian economic development, asserted that "Development" has . . . always been part of Australian religion' and that development itself 'has nearly always been associated with growth, growth seen as having two dimensions —geographical spread and quantitative increase'.¹³ Viewed in this light, Wollongong's nineteenth century businessmen were a secular priesthood whose altar was a public work (a harbour and then a railway) over which they prayed without ceasing in the hope that market forces and the national and international movement of capital would bend to their will and expectations. This was, however, no religious quest for knowledge or self understanding. Rather, they practised a kind of economic magic, believing that if certain local conditions were created and a set of defined procedures followed, then the people, institutions and things over which they had no control would conform to their desires. It was an illusion.

13 S.J. Butlin, 'The Role of Planning in Australia's Economic Development'. *Economic Papers*, 15, 1962, p.12.