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

Henry Lee Dr
UOW College, henry@uow.edu.au

UNIVERSITY OF WOLLONGONG
COPYRIGHT WARNING

You may print or download ONE copy of this document for the purpose of your own research or study. The University does not authorise you to copy, communicate or otherwise make available electronically to any other person any copyright material contained on this site. You are reminded of the following:

This work is copyright. Apart from any use permitted under the Copyright Act 1968, no part of this work may be reproduced by any process, nor may any other exclusive right be exercised, without the permission of the author.

Copyright owners are entitled to take legal action against persons who infringe their copyright. A reproduction of material that is protected by copyright may be a copyright infringement. A court may impose penalties and award damages in relation to offences and infringements relating to copyright material. Higher penalties may apply, and higher damages may be awarded, for offences and infringements involving the conversion of material into digital or electronic form.

Unless otherwise indicated, the views expressed in this thesis are those of the author and do not necessarily represent the views of the University of Wollongong.

Recommended Citation
https://ro.uow.edu.au/theses/1441

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library:
research-pubs@uow.edu.au
THE DEVELOPMENT OF A COAL TRADE IN THE WOLLONGONG DISTRICT OF NEW SOUTH WALES, WITH PARTICULAR REFERENCE TO GOVERNMENT AND BUSINESS, 1849-1889

A thesis submitted in fulfilment of the requirements for the award of the degree of DOCTOR OF PHILOSOPHY from THE UNIVERSITY OF WOLLONGONG by HENRY PATRICK LEE B.A. (Hons.), Dip.Ed.

DEPARTMENT OF HISTORY AND POLITICS 1993
DECLARATION

I hereby certify that the work embodied in this thesis is the result of original research and has not been submitted for a higher degree to another University or similar institution.

Henry P. Lee
ACKNOWLEDGEMENTS

Having experienced many vicissitudes, this thesis owes much to the patience and faith exercised by the author's supervisor, Professor Jim Hagan. Professor Hagan read my drafts with perception and attention to detail. What disciplined thought and argument is evident in the thesis owes much to his commitment to teaching in the true sense.

My gratitude must also go to Professor Ted Wolfers, Head of the Department of History and Politics at Wollongong, who, with Professor Hagan, in various ways and at various times kept the project going. Not least of those was the provision of teaching and research work in the Department, and access to its facilities.

The staff of the University Library are also owed thanks, in particular Mr. Keith Gaymer whose ability to resurrect microfilm machines is deserving of wider notice.

To Drs. Don Dingsdag and Glenn Mitchell, whose advice, encouragement and, above all, friendship over many years sustained the author is due a debt beyond value. To Joan Phelan, who similarly lent support and encouragement, the same debt is due.

At a number of levels the friendship and working relationship I shared with Dr. Stuart Piggin in his years at Wollongong and then subsequently at Macquarie University, contributed significantly to sustaining my interest in the thesis. Ray Willis' polite and persistent inquiries as to its progress provided a necessary goad. My brother Alec and his wife Patti were unstinting in giving their support and in making available their rural haven; thanks is due to my brother for drawing, at short notice, the map of the 1887 Wollongong Harbour Trust scheme. Marion Allen was an efficient, cheerful and accurate typist.

Writing a Ph.D. is by its nature a labour intensive and time consuming activity. An incalculable debt is therefore owed to my wife Jacqueline who, in addition to pursuing her own University studies, willingly shouldered the burden of those domestic tasks the non carrying out of which would cause the world to stop. She also volunteered to assist with the compilation of the Bibliography. Her patience and dedication in attending to the many and pressing needs of our baby daughter, Emma, made the completion of this thesis possible.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ACKNOWLEDGEMENTS</th>
<th>LIST OF TABLES</th>
<th>LIST OF MAPS</th>
<th>CONVERSION TABLE</th>
<th>INTRODUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>iii</td>
<td>vi</td>
<td>viii</td>
<td>ix</td>
<td>1</td>
</tr>
</tbody>
</table>

## PART I: THE HARBOUR, 1849-1871

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Government is Bound: Wollongong Harbour and the Genesis of the Coal Trade, 1849-1860</td>
<td>24</td>
</tr>
<tr>
<td>2</td>
<td>Such Restrictions as the Government May Impose: The Harbour and the Osborne Wallsend Tramway Scheme, 1858-1860</td>
<td>70</td>
</tr>
<tr>
<td>3</td>
<td>Relying Upon the Government: Harbours, Mines and Tramways, 1860-1863</td>
<td>97</td>
</tr>
<tr>
<td>4</td>
<td>Public Expectations Disappointed: Recession and Government Hostility, 1863-1864</td>
<td>132</td>
</tr>
<tr>
<td>5</td>
<td>Playing Nine Holes, Waiting for Better Times: The Harbour and the Coal Trade, 1865-1871</td>
<td>164</td>
</tr>
</tbody>
</table>

## PART II: THE RAILWAY, 1872-1881

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>A Bold Front: The Origins of the Illawarra Railway, 1872-1875.</td>
<td>198</td>
</tr>
<tr>
<td>7</td>
<td>A Conflict of Private Interests: The New South Wales Parliament and the Illawarra Railway, 1875-1876</td>
<td>238</td>
</tr>
<tr>
<td>8</td>
<td>Capitalists Disposed to Invest in Coal: The New South Wales Parliament and the Illawarra Railway, 1876-1878</td>
<td>281</td>
</tr>
<tr>
<td>9</td>
<td>Where is the Metropolitan and Illawarra Railway League?: The Railway in Limbo, 1878-1880</td>
<td>323</td>
</tr>
<tr>
<td>10</td>
<td>Pocket the Profits: Winning the Illawarra Railway, 1880-1881</td>
<td>356</td>
</tr>
<tr>
<td>11</td>
<td>To Advance His Country’s Good: The Coal Trade and the Wollongong Harbour Trust Scheme, 1882-1889</td>
<td>384</td>
</tr>
</tbody>
</table>

## EPILOGUE

424

## CONCLUSION

430
# LIST OF TABLES

1. Occupations in the Wollongong District, 1856 ................................................................. 30
2. Occupations of Those Requesting Robert Owen to Stand as a Liberal for East Camden at the General Election of 1858 ................................................................. 45
3. The Illawarra Liberal Political Association, 1858 ................................................................. 46
4. Signatories to the June 1858 Resolutions Against the Osborne Wallsend Tramway Scheme ................................................................. 82
5. Percentage of Votes Going to ‘Garrett Liberal’ Candidates at Elections for the Legislative Assembly of New South Wales in the Wollongong District, 1858-1860 ................................................................. 100
6. Provisional Directors of the Illawarra Gas Company, 1859 ................................................................. 120
7. Bankruptcies: Wollongong District, 1861-1864 ................................................................. 148
8. Occupations of Persons in the Wollongong District at the Censuses of 1861 and 1871 ................................................................. 195
10. Loan raisings Authorised by the New South Wales Parliament for Harbour Works and Export Facilities: Newcastle and Wollongong Districts, 1860-63 to 1872-75 ................................................................. 240
11. The New South Wales Legislative Assembly and the Illawarra Railway: Regional Interests in the Division of 8 June 1876 ................................................................. 278
12. New South Wales Coal Exports, 1875 and 1876 ................................................................. 289
13. Wollongong District Coal Mines: Production and Exports, 1875-1877 ................................................................. 297
14. New South Wales Coal Trade: Newcastle and Wollongong Shares of Intercolonial and Overseas Exports, 1868-1877 ................................................................. 298
15. The New South Wales Legislative Assembly and the Illawarra Railway: Regional Interests in the Division of 20 February 1878 ................................................................. 310
16. The New South Wales Legislative Assembly and the Illawarra Railway: Regional Interests in the Divisions of 8 June 1876 and 27 April 1878 ................................................................. 316
<table>
<thead>
<tr>
<th></th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>The New South Wales Legislative Assembly and the Newcastle and Illawarra Railways: Regional Interests in the Divisions of 23 March 1881</td>
<td>367</td>
</tr>
<tr>
<td>18</td>
<td>Population of the Wollongong District at the Censuses of 1871, 1881 and 1891</td>
<td>392</td>
</tr>
<tr>
<td>19</td>
<td>The Wollongong Harbour Trust League, November/December 1887</td>
<td>399</td>
</tr>
<tr>
<td>20</td>
<td>The New South Wales Public Debt, 1860-4 to 1885-9</td>
<td>415</td>
</tr>
<tr>
<td>21</td>
<td>The Wollongong Harbour Trust Commissioners, December 1889</td>
<td>420</td>
</tr>
</tbody>
</table>
LIST OF MAPS

1. The Australian Colonies and New South Wales
2. The Illawarra Region: Wollongong, Kiama and Shoalhaven Districts
3. The Osborne Wallsend Tramway Schemes of May 1858, July 1859 and May 1860
4. The Wollongong Coalfield, 1862/63
5. The Wollongong Harbour Works, 1864-1868
6. The Wollongong Coalfield, 1871
7. The Electoral Districts and the Railways of New South Wales, 1876
8. The Electoral Districts and the Railways of New South Wales, 1881
9. The Wollongong Coalfield, 1889
10. The Wollongong Harbour Trust Scheme, 1887
CONVERSION TABLE

The imperial system of weight, measurement and currency in use during the period covered by this thesis has been retained in the text. The metric and decimal equivalents of the units used in the text are as follows:

1. **Weight**

<table>
<thead>
<tr>
<th>Imperial Unit</th>
<th>Metric Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ounce</td>
<td>28.4 grams</td>
</tr>
<tr>
<td>Pound</td>
<td>0.5 kilograms</td>
</tr>
<tr>
<td>Hundredweight</td>
<td>50.8 kilograms</td>
</tr>
<tr>
<td>Ton</td>
<td>1014.7 kilograms</td>
</tr>
</tbody>
</table>

2. **Measurement**

<table>
<thead>
<tr>
<th>Imperial Unit</th>
<th>Metric Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foot</td>
<td>30.5 centimetres</td>
</tr>
<tr>
<td>Yard</td>
<td>0.9 metres</td>
</tr>
<tr>
<td>Mile</td>
<td>1.6 kilometres</td>
</tr>
</tbody>
</table>

3. **Currency**

<table>
<thead>
<tr>
<th>Imperial Unit</th>
<th>Decimal Equivalent*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penny (Pence)</td>
<td>0.8 cents</td>
</tr>
<tr>
<td>Shilling</td>
<td>10 cents</td>
</tr>
<tr>
<td>Pound</td>
<td>2 dollars</td>
</tr>
<tr>
<td>Guinea</td>
<td>2 dollars &amp; 10 cents</td>
</tr>
</tbody>
</table>

* At the time of changeover to decimal currency, February 1966
The most glorious act of patriotism is that of building up the district in which one's lot is cast; by deeds of self-sacrifice, acts of goodness and generosity—severed from all selfishness, irrespective of gain or reward, praise or censure. The noble outlook—great consumation—far off though it may be—the betterment of the present—the sunrise of hope—the radiant day dawn of prosperity and content for all; the new-born created future, full of golden wealth, stirs the soul of the patriot, and he lives in the glorious silvery future his noble mind has fashioned up.

*The Illawarra or South Coast Tourist Guide.* The South Coast Tourist Union: Sydney 1903, p.7.

... it lies nearer the sea than it should... For a country to have the sea nearby is pleasant enough for the purpose of everyday life, but in fact it is a 'salty-sharp and bitter neighbour' in more senses than one. It fills the land with wholesaling and retailing, breeds shifty and deceitful habits in a man's soul, and makes the citizens distrustful and hostile, not only among themselves, but also in their dealings with the world outside.

INTRODUCTION

During the long economic boom that followed World War II the Wollongong district of New South Wales emerged as a coal, iron and steel producer of world stature. Its population, boosted to over 250,000 people by the labour demands of local industry, centred on the government built deepwater harbour at Port Kembla, and the post war immigration programme, made Wollongong one of Australia's largest cities. When the boom disintegrated and Australia, in common with other advanced capitalist nations, began to undergo a process of deindustrialisation, Wollongong faced a social and economic crisis. The iron and steel industry, the district's largest employer, more than halved its workforce in the 1980s. The local mines, most of which belonged to the same employer, the Broken Hill Proprietary, shared a similar fate.

In part this crisis arose from the decision of some third world countries to restructure the international steel economy by offering incentives to Western investors for the establishment of up to date steel plants, giving these countries the highest quality product far more cheaply than that offered to them by the high wage producers of Europe, America and Australia. The Broken Hill Proprietary now found cheaper, perhaps better, steel confronting it in world and Australian markets. It responded by modernising its plant, to improve productivity and profitability. The shedding of labour assisted those objectives. Consequently, Wollongong's small businesses suffered as pay packets were replaced increasingly with unemployment benefits.

International market forces, arising from decisions made many thousands of miles from Wollongong, had ended not only 30 years of uninterrupted material prosperity and security. The crisis was yet more profound than that. It had destabilised the local economy, weakening the very foundation of that prosperity—the market position and thus the employment and wage generating capacity of mining and manufacturing. Mining had been the mainstay of Wollongong's economy since the mid 1880s, supplemented and then largely supplanted by iron and steel manufacturing from the 1920s.
The local business community, aware of the impact rather than the nature and causes of the downturn, called for greater diversity in the district’s economy. An economy resting on essentially one industry, said its leaders, was bound to bring disaster. This was a new idea for Wollongong. Since the mid nineteenth century its businessmen had promoted consistently, indeed obsessively, the notion that the district’s destiny was linked indissolubly to mining and metal manufacturing. Wollongong was in their view fated to become ‘the Black Country of New South Wales’ or ‘the Birmingham of the South’. These men made Wollongong a company town where, in the good years, the slogan ‘What’s good for BHP is good for Wollongong’ became a truism.

However, by the 1980s, the owners of national and international capital had decided that that phase of Wollongong’s history was coming to a close. The district’s businessmen responded in two ways. First, not fully realising that industrialisation in Wollongong had passed its peak, they sought to render the place more attractive to manufacturing capital. They embarked on a programme to reverse its image as a district divided by inappropriate class loyalties. In their view this was the major deterrent to potential investors who were unwilling to risk their capital in a centre of union militancy. The co-operation of workers and their unions was sought to send a message to the outside world that Wollongong had discarded its nineteenth century industrial attitudes. Reports and rumours abounded of the pent up investment waiting to flow into the area once this became more generally known. Everything ranging from fish canneries to ‘high tech’ aerospace component manufacturers was canvassed. None of it eventuated, and Wollongong’s business leaders turned to their second response.

This involved the erasure of Wollongong’s other image as a colourless industrial town, ingrained in the local and national consciousness by near 130 years of unrelenting labour, begun by the businessmen’s nineteenth century ancestors, to produce just that result. Until the 1980s clouds of dust from the coal stockpiles at the steelworks and plumes of smoke rising from its smokestacks were interpreted less as pollution than as signs that all was well with Wollongong.

Throughout the 1980s, ably led by the Lord Mayor, a real estate agent and earthmoving contractor, local businessmen launched a policy of ‘greening the city’. Elected to represent
Wollongong in the State Parliament, the Mayor devoted considerable effort to promoting the new image that he and his colleagues were constructing. With the possibility of diversifying the local economy's manufacturing base looking ever more remote, Wollongong's potential as a tourist destination took centre place in their thinking. Highlighting the district's relatively unspoiled beaches, its forested escarpment and the surrounding dairy farming region, they established a high profile tourist information centre and gave the district a new name—the Leisure Coast. Wollongong's destiny was being rewritten, with the skyline of the New Jerusalem to be dominated by hotels, convention centres and high rise beachside apartment blocks in place of factories, smokestacks and stockpiled coal. Some tourist capital has made its way into the district, creating some employment, though mainly of a seasonal, part time and casual nature. Whether such a policy will ever fully offset the impact of losing near 20,000 full time jobs in the mining and manufacturing industries, and induce an economic renaissance in Wollongong remains to be seen. As this thesis will demonstrate, the deliberate engineering of regional economic change is no simple undertaking. Powerful individuals, institutions and forces outside the district, and beyond the control of its inhabitants and their leaders, exert far more influence over its destiny than can those working from the inside. Some create contexts; others must work within them.

Within their limits, though, Wollongong's business leaders have shown a real capacity to mould the attitudes, expectations and aspirations of the local population. In both the nineteenth and twentieth centuries, as they worked first to move their economy from a dependence on agriculture and dairying to mining and manufacturing, and then from the latter to tourism and conventions, probably their single greatest success lay in the restructuring of the minds of that population. In the 1980s the aim of this was to imbue individuals with the notion that Wollongong's industrial phase was dead and must now be buried. The district's newspaper, the Illawarra Mercury, its two radio stations and its television broadcaster took up the challenge. They ran extensive campaigns promoting Wollongong's new future as the Leisure Coast and substituting the language and images of community for those of class. Similarly, residents were fed media images designed to have them think of the district in terms of the natural beauty of the surrounding region. All of this, it was believed, would set the seal
on Wollongong’s new, post industrial image. This was vital. Since the district’s business community was also pressing the New South Wales and Commonwealth governments to provide public money for the improvement of road, rail and port facilities, it was important that they were able to indicate some evidence of new community attitudes and expectations which, they asserted, gave them a claim on the public purse.1

The point of it all was that local business people required another means of extracting a profit from the district. Having realised that their district was entering a phase of industrial decline, rather than experiencing a cyclical economic downturn, they took control of local public policy in an attempt to restructure Wollongong’s economy. At the heart of that effort was the belief that this would be achieved only if Wollongong was in some way made attractive to national and international capital. Their aim, their motives and their methods were precisely those of their nineteenth century forebears. That coalition of shopkeepers, newspaper proprietors, providers of professional and commercial services, self employed tradesmen, landowners and others, had decided in the 1850s that their only hope of a constantly rising level of material prosperity was to move the local economy away from farming to mining and, in the longer term, to manufacturing. The single greatest obstacle to the achievement of that goal was the absence of a natural harbour in the Wollongong district.

Wollongong lies on the east coast of Australia about 50 miles south of Sydney, the capital of New South Wales. Its surrounding district, sometimes referred to loosely as Illawarra, the larger region of which the district is a part,2 (see Map following) is defined in the west by the Illawarra escarpment, some 1200-1300 feet high, and in the east by the Pacific Ocean. Between the two runs the Wollongong peneplain, about 12 miles wide at the coastal village of Shellharbour, marking the southern end of the district, and receding gradually until it merges with the escarpment and the ocean at Coalcliff, a little under 25 miles north of

1 The preceding account of the impact of the end of the post war boom in Wollongong, and the response to it of the local business community, is the author’s interpretation of those years, drawn from the experience of having lived through and taken a close interest in it. Sources which confirm it are: J. Schultz, Steel City Blues. Penguin: Ringwood, Victoria 1985, and Four Corners: ‘The Callous Country’. Australian Broadcasting Corporation 1991 (first broadcast on ABC TV, 18 November 1991). See also L. Richardson, The Bitter Years: Wollongong During the Great Depression. Hale & Iremonger: Sydney 1984, Chapter 1 (‘The birth of a steeltown’).

2 The Illawarra region comprises the area between the Port Hacking River, about 16 miles south of Sydney, and the Shoalhaven River, some 40 miles south of Wollongong. Bounded by the Illawarra Range in the west and the Pacific Ocean in the east, the region may be said to contain three districts: Wollongong; Kiama, centred on the coastal town of Kiama, 20 miles south of Wollongong, and Shoalhaven.
THE ILLAWARRA REGION
Wollongong, Kiama and Shoalhaven Districts
Shellharbour. Three natural features dominate the area around Wollongong: Lake Illawarra, with its 22 square mile sheet of water just five miles south of the town, which on a map appears the obvious site for a harbour but is in fact relatively shallow and cut from the sea by dunes and sandbanks; and Mounts Kembla and Keira, the former six miles south west of Wollongong and the latter a few miles directly behind the town, both rising over 1500 feet above the plain. 

Coal had been discovered in the district in 1797 by the survivors of a shipwreck but, for reasons explained in Chapter 1, no real attempt to mine it was undertaken until 1849. Instead, Wollongong’s place in the economy of mid nineteenth century New South Wales was secured by the quality of its dairy produce, particularly its butter. As Joseph Gordon, a visiting and deservedly minor English poet, was moved to observe in his ‘Wollongong and Illawarra’ of 1861:

This fact, e’er since I crossed the seas,  
I rarely fail at meals to utter  
That Bathurst stands unmatched for cheese,  
And Wollongong for yellow butter. 

That reality and its corresponding image remained good until the mid/late 1880s, from which time Wollongong’s economy responded less to the price fetched by a pound of butter in Sydney than to the demand for coal in Sydney and the markets of the Asia-Pacific region. By the late 1880s the Wollongong district was firmly established, behind the Newcastle coalfield 100 miles north of Sydney, as the second largest coal producer in the Australian Colonies, accounting for one fifth to a quarter of New South Wales output and about one quarter of exports to overseas markets. The new coal economy brought growth. Between the censuses of 1851 and 1891 the district’s population rose by 333 per cent. from 3099 to 13,420, the bulk of which depended on coal mining for its livelihood.

This thesis seeks to explain that transformation by asking the question, ‘Why was a coal trade established in the Wollongong district of New South Wales in the second half of the

5 Calculated from figures in Annual Report of the Department of Mines, New South Wales, 1885-1889. See also Appendix 2 to this thesis: ‘The Wollongong Coalfield: Exports and Production, 1875-1889’.
nineteenth century? The direction of the argument derives from answers to five subsidiary questions: who wanted this change to occur, why, how did they go about it, to what extent did they succeed, and who was responsible for that success?

Three groups were involved in the process: the local business community, the coal companies and the government of New South Wales. Of the three only the first actually wished to transform the local economy and developed a clear policy to that end. Its centrepiece was the procuring for Wollongong of a large, safe, deep and well equipped coal port. In the absence of such a port Wollongong coal had to be taken to Sydney in small coastal sailing vessels, where it would be loaded onto larger vessels for transhipment to intercolonial and overseas destinations. This doublehandling added to the cost of the coal and caused some deterioration in its quality. Although it was more easily and, therefore, cheaply won than Newcastle coal, these disadvantages did not allow the southern coal to compete as effectively as the latter could for market shares.

While such factors provided a rational economic basis for the businessmen’s policy, that policy was at heart a cargo cult approach to local development. Their central belief, reiterated time and again, was that if Wollongong possessed a decent port then mining capitalists would rush to invest in the coalfield. Odd though it may sound for businessmen, the state of demand for coal had little impact on their single minded pursuit of their goal. So obsessed were they with the potential offered by a coal trade for gaining access to the pay packets of an increasing number of regularly paid workers, that they refused to abandon their policy no matter what the obstacles. Only once, in 1870, following two short but deep recessions, did they waver and lose direction.

Regardless of their ambitions, the businessmen of Wollongong required someone to spend a considerable sum of money for the construction, equipping and maintenance of a coal port. Provincial shopkeepers neither possessed nor had access to that kind of money, and no other owners of private capital came forward to provide it. Consequently, the businessmen designated the matter a ‘public’ one, properly the concern of government which, they claimed, had a duty to provide for its citizens what they could not acquire by themselves.
Much of this thesis is concerned with explaining exactly how a politically and economically unimportant band of provincial businessmen succeeded in establishing and sustaining a long term relationship with the government of New South Wales. Without that relationship their coal policy would have remained nothing more than an idea. Only the credit and authority of the Colonial government, which allowed it to borrow private capital in London for public works in New South Wales, gave the businessmen any chance of securing their coal port.

The government’s role in the restructuring of the Wollongong economy was not the outcome of any settled or prospective economic policy of its own. Rather, it was the inability of Ministries to control Parliament which allowed Wollongong’s businessmen to draw them into a relationship from which they found it difficult to extricate themselves. In the period under study Parliamentary politics was conducted not by parties but by factions. The latter, in contrast to parties, coalesced around prominent individual leaders, did not lead a continuous existence and, until the free trade versus protection debate of the late 1880s, were undifferentiated by ideology. Factions provided a focus for Parliamentary activity. However, individual factions were never numerically large enough to sustain Ministries, which were usually pieced together in complex factional deals. The situation was further complicated by the presence of independent Members whose uncertain support was at times all that separated Ministries from political life or death. In such finely balanced situations, a well organised and highly motivated extra Parliamentary group, controlling public policy and the public in its electorate, was capable of delivering friendly Members to faction leaders and doing other political favours for Ministries.

The definitive work on the faction system in New South Wales remains that of Peter Loveday and Allan Martin, which provides one of the main secondary sources for the present work. Indeed, without their exhaustive analysis of division lists, electoral politics and the rise and fall of Ministries, many of the statements upon which parts of this thesis rest could have

---

been arrived at only after prohibitively labour intensive research. They have claimed that one of the main supports of faction politics was the economic fragmentation of New South Wales before the end of the nineteenth century.\(^8\) However, this proposition was not tested by Loveday and Martin, whose focus was the electoral and Parliamentary system of the Colony.

This thesis does test the claim, by examining in detail the attempt of the businessmen of Wollongong to establish a coal trade in their district between the 1850s and the 1880s. It is also one of the very few studies of economic development in this period to examine in some detail the role of government and its relationship with business at the district or regional level.\(^9\)

This assumes particular importance given that one of the major features of capitalism in New South Wales at that time was its regional character. Capitalism had not evolved to the point where the economic life of the Colony began to be dominated by influential individual owners of capital or large corporations. There were influential capitalists and companies but, as this thesis will show, their capacity to determine government policy was heavily conditioned by regional business interests. In a 1972 article on the history of government railway policy, P.N. Lamb identified this as a feature of the nineteenth century Australian experience which required closer investigation.\(^10\) To this author's knowledge, Lamb's call has not been heeded. Yet it was this regional capitalism, as it may be termed, which provided one of the main supports of the system of faction politics. Its natural political expression was at one extreme the infamous 'roads and bridges' Member whose intellectual and ideological horizons did not extend much beyond the boundaries of his electorate.\(^11\) At its best it produced the factions which gave the Parliamentary system the cohesion which allowed it to operate effectively, providing a number of basic but unprofitable services required for the continued good health of a maturing capitalist

---


market society—education, law and order, immigration, transport and communications. In a society which from the 1850s to the 1880s experienced an almost uninterrupted economic boom, and in place of ideological division was united by a desire for development and material progress, liberal individualism provided its dominant values and Parliamentary factions represented the limit of its need for a strong central government. Only with the Colony wide collapse of the boom and the accompanying social distress and threats to profit levels and law and order, did New South Wales market capitalism require a stronger degree of government regulation to save and revive it, and produce continuous parties to represent the interests of labour and of the different sectors of capital affected by the collapse.

Until that point, if the Wollongong coal trade is taken as a guide, the larger companies in the regions took little direct interest in electoral politics. As long as their basic needs were being met—an adequately educated and skilled labour supply and an efficient transport and communications system—they tended to stay out of direct contact with Parliamentary politics at the local level. Only those mine proprietors with a clear interest in the schemes proposed by Wollongong’s businessmen sought to have themselves elected as the local Member or to involve themselves in the process of getting a particular individual into the seat.

In fact, the coal companies operated independently of the ambitions and plans of local businessmen and of the involvement with them of government. The Wollongong coal companies had no interest in promoting the transformation of the local economy. Owners of capital invested in the Wollongong coalfield simply because they believed that the state of demand in the Australian and Asia-Pacific markets was sufficient to return an acceptable rate of profit on their investment. Employment of mineworkers and the payment of wages were merely by products of that activity. The first mines on the field were opened before a coal port was available for use. Indeed, from the 1850s all but two of the companies which commenced operations in the district did so from their own ocean jetties.

While such jetties were not infrequently destroyed or damaged by heavy seas, they allowed immediate access to a depth of water which could accommodate vessels capable of sailing direct to intercolonial and overseas markets. Many shipowners and captains were not keen to risk their vessels or lives in such conditions and, consequently, most of the district’s
coal continued to be taken to Sydney in smaller coastal vessels. Nonetheless, the continued presence of the coal companies and their jetties was sufficient evidence of their ability to operate profitably from Wollongong. In general the mine proprietors were of the view that if the local entrepreneurs were able to persuade government to construct a coal port, that was fine. However, they also saw that linking the coalfield to a port might bring other companies to the district, and while they paid due respect to notions of free enterprise they had no particular wish to increase the number of its practitioners in their district.

Hence, the relationship that was established between business and government in Wollongong from the 1850s had little to do with the coal companies. Rather, their presence was desired by a coalition of local businessmen who used the opportunities provided by faction politics and inherently weak Ministries to have the latter given them a means of attracting mining capital to the district.

The evidence presented in this thesis suggests that neither the activities of local businessmen nor of government had any great influence on the decision of owners of capital to open mines on the Wollongong coalfield. Obviously, without these decisions there would have been no Wollongong coal trade, but they are to be explained in terms of market conditions, expectations of profitability, cost considerations and other factors of conventional industry location theory, rather than by the manipulation or regulation of these factors by small business and/or government.

These considerations place this thesis in the context of arguments about the nature of economic development in Australia in the second half of the nineteenth century. One method of answering the question as to why a coal trade was established in the Wollongong district during that period would be to focus the argument on the economic factors or forces which led owners of capital to invest there. A model for such an approach is the ‘staple theory’ of economic development, borrowed from Canadian economic historians and applied to the Australian nineteenth century experience by J.W. McCarty in the 1960s. McCarty proposed an


explanation for Australia, as a colony of recent settlement without a domestic market sufficient to sustain large scale manufacturing, that made it a matter of identifying appropriate natural resources (staples) whose further development as export commodities was conditioned by two factors: 'the available technology ... and the state of demand'. A.L. Lougheed strengthened this interpretation, linking Australian development more firmly to the level of international trade. More recently, W.A. Sinclair based his account of Australia's economic history on 'a variant of the staple theory of economic growth'. This theory ran counter to that of Noel Butlin, who suggested in his major study of the Australian economy between 1861 and 1900 that, while dependent on British capital:

```
to supplement local Australian savings ... the rate of Australian growth was not intimately dependent on export receipts; and the composition of output and the rate of growth appear to have been determined predominantly by local Australian considerations.
```

Happily, elements of both theories fit the case of the Wollongong coal trade. The long economic boom and accelerated population growth experienced by the Australian Colonies following the gold rushes of the 1850s and which persisted until the collapse of the 1890s, required energy to sustain them. Coal rich New South Wales was virtually the only supplier. At the same time, the expanding activities of the great European maritime powers in the Asia-Pacific region added to the pull of market forces on the coal resources of the Colony. Until the 1880s the mining capitalists who decided to take Wollongong coal into those markets were all Australian based, almost all in Sydney. British mining capital did not begin to make its way on to the coalfield until the late 1880s.

---

McCarty's staple theory was also criticised by J.P. Fogarty, who condemned it, along with any theory that made technical factors such as markets, costs and technology the determinants of economic development, as having little ability to 'of themselves provide a sufficient explanation of why particular industries were established in different regions at particular times'.\textsuperscript{19} He concluded his study of the Australian wheat industry in the second half of the nineteenth century by stating that an adequate answer to such questions must be sought not only in 'economic and technical factors', but in 'the vital role that the prevailing social and political institutions and attitudes may have played in influencing the choice of staple'.\textsuperscript{20}

Fogarty's view has limited application to the development of the Wollongong coal trade. That Wollongong coal lay undisturbed for over half a century following its discovery by Europeans in 1797 was the result not only of geographic and technological factors, but of a political arrangement giving a single company, the Australian Agricultural Company, a legal monopoly over the Colony's coal industry. However, when that monopoly was withdrawn the Wollongong trade grew slowly and cannot be said to have accelerated until the late 1870s—something which can be accounted for only by reference to 'economic' factors.

On the question of how, when and by whom a natural resource is recognised as a marketable commodity and then developed as such, Fogarty's criticism of technical explanations may have some small contribution to make in explaining the Wollongong coal trade. Local businessmen took every opportunity to promote the quality of Wollongong coal, particularly in Sydney and in Melbourne, the single largest export market for New South Wales coal in the period under study. Their leaders wrote tirelessly to newspapers, shipping companies and manufacturers both defending and extolling the steam generating qualities of their coal. The influence of such activity in generating awareness of the Wollongong coalfield and thus investment is impossible to gauge accurately. In addition, their strenuous efforts to obtain a harbour for the district may have exerted some influence on investors. Again, this cannot be calculated, but given that owners of capital were looking for at least medium term returns, the extent to which they were swayed by the possibility of local businessmen obtaining


\textsuperscript{20} ibid., pp.35 & 52.
a first rate coal port for a provincial town was likely to have been a minor consideration, if
considered at all.

The only political factor working unambiguously in favour of the development of the
Wollongong coalfield was the absence of any regulation of investment by the Colonial
government. The demand for New South Wales coal was being met and could have continued
to be so by the Newcastle coalfield alone. Indeed, the expansion of the Wollongong trade only
added to the industry’s chronic capacity for overproduction, marked by the collapse of several
local companies in the downturns of the mid 1860s, 1870 and the 1890s. A liberal capitalist
Parliament untarnished by salaried Members until 1890 and thus dominated by men of
independent means, could not even conceive of placing restrictions on investment. Anyone
with sufficient capital could open a coal mine, regardless of the fact that the potential for
disaster in the industry’s ability to overproduce was well understood by the authorities from at
least the 1870s.

Despite this liberal individualist reluctance to regulate investment, the governments of
the Australian Colonies played a significant role in economic development in the boom decades
following the gold rushes, significantly larger than in other capitalist economies. One estimate
for the period states that ‘the relative role of government in Australia in gross capital formation
was over nine times as great as the share of government in America’. Between 1860 and
1900 Australian governments accounted for half of all capital imported into the Colonies and
about 40 per cent. of domestic capital formation, almost all of it in the areas of transport and
communications. The apparent novelty of such a large public sector share of economic
activity led some contemporaries to dub it ‘colonial socialism’, a term not discarded by
twentieth century economic historians such as Noel Butlin. For Butlin, writing in 1959,
colonial socialism was marked by:

positive government intervention, with the central feature of large-scale
outlays for capital formation . . . and . . . a . . . pattern of partnership
between government and private institutions to which the Australian

21 See Martin, ‘The Legislative Assembly of New South Wales, 1856-1900’, op.cit.
23 N.G. Butlin, A. Barnard & J.J. Pincus, Government and Capitalism: Public and Private Choice in
14

The economy was subject for most of the second half of the nineteenth century.

Butlin, correctly, did not press the claim to socialist forms of market intervention by the Colonial governments. As he noted in a more recent study, it was the limited capacity of the private sector to deliver imports of labour and capital sufficient to generate high rates of economic growth that induced the former to press government to ‘assume the role of accelerating these transfers’. Far from being a doctrinaire approach to economic development, Butlin stated, colonial socialism was rather ‘an ad hoc solution to the problem of developing local resources in the face of considerable physical difficulties’. That is, not having experienced an industrial revolution of its own to allow capital accumulation sufficient for major domestic economic development the Australian private sector was compelled to borrow from a society which had—Britain. Hence, as Butlin points out, private interests accepted a relatively high level of government involvement in the economy ‘because this direct intervention was perceived as predominantly . . . supportive of rather than displacing or impeding major private interests’.

Thus it was socialism only in the most general sense of government being involved in the direction of economic activity. The concern of government was to sustain private activity through capital formation in essential sectors of the economy that were unlikely to return an acceptable rate of profit, if any, on the investment. Such undertakings (mainly roads, bridges, ports, railways and telegraphs) were therefore designated as ‘public’ and their cost socialised through appropriations of government revenue and/or loans. Only in that restricted sense was the economic intervention of Colonial governments socialist.

Butlin’s notion of a ‘partnership’ between government and the private sector has been criticised, particularly by left wing economic historians such as Ken Buckley and Ted Wheelwright. They see it as ‘misleading’, implying that ‘the state was an independent force in its own right, that it chose to ally itself with private interests and could presumably break away

26 Butlin, ‘Colonial Socialism’, op.cit., p.35.
from them if government felt so inclined'. A capitalist state in a capitalist society, stated Buckley and Wheelwright, had neither the inclination nor the means of doing so.\textsuperscript{28} Andrew Wells' recent and detailed study of capitalism in the eastern Australian Colonies in the nineteenth century lends support to such a view.\textsuperscript{29} Nonetheless, the New South Wales coal trade presents a case where both Butlin and his critics have something to contribute to an explanation of the economic role of government.

Undeniably, the coal trade was conducted upon capitalist lines. However, the Newcastle and Wollongong coal trades were not treated similarly by government. As this thesis will show, Newcastle developed ahead of Wollongong because of geographic factors which made the northern coal far easier to exploit. From that point huge sums of public money were poured into the development of Newcastle Harbour as a major coal port. This complemented the inflow of private mining capital, which took advantage of the natural setting and public spending on export facilities. To this extent a 'partnership' between the public and private sectors was forged. The Wollongong coalfield was a different proposition. There the coal companies made their own way with very little public support. When government did involve itself in attempts to develop that district's coal trade, it did so in no sense of partnership. Rather, through electoral manipulation government was effectively hijacked, not by major private interests, but by a tight knit group of provincial entrepreneurs, and compelled to yield public money for an exercise in economic speculation.

That compulsion provided the basis on which the New South Wales government invested, between 1860 and 1889, well over £1 million of public money in a coal port for Wollongong and in a railway to link the coalfield with Sydney Harbour. The coal port was too small to make Wollongong a major player in the Colony's coal trade, but the Sydney-Wollongong railway was a different matter. Newcastle coal proprietors and business interests believed that the latter, by giving the Wollongong mines access to a world class port, threatened the destruction of their trade by flooding the market with cheap, high quality southern steaming coal. The pastoralists of the Colony also felt threatened, seeing the construction of such an


expensive ‘branch line’ as a disturbing departure from the settled policy of continuing to push
the main trunk lines into the interior so as to lower the cost of transporting wool to Sydney.
The result was a regional economic struggle, with Wollongong’s businessmen fighting vainly
against two of the Colony’s most powerful groups. Each competed vigorously to gain control
of both the Ministry and the Parliament in order to ensure that its private interests became public
policy and were enforced as such. Thus, Butlin’s concept of partnership, while appropriate for
describing the settled relationship of government with pastoralists over railway policy, and with
Newcastle coal proprietors and business interests over harbour policy, broke down when
challenged by another group whose interests were not being met by such arrangements.

Thus, the nature of government’s involvement in the economy cannot be accounted for
on the simple basis of a partnership, however understood, with the private sector. In an era
when capitalism had not yet matured and the Colony’s economy was fragmented by regional
interests the private sector had many faces, any one of which might turn aggressive if its needs
were not being met or, indeed, if its interests were threatened by government. Although its role
was essentially to fashion ‘general and abstract ... laws [which] ... would respect and
safeguard the market’s autonomy and capacity for self-regulation’, the nineteenth century
liberal state offered no guarantees to particular players in the market. The market was inviolate
but there always remained the potential for government to intervene in its operation, either to
regulate the behaviour of individuals and companies and/or to promote one set of interests as
against another set. That is, neither Parliamentary enactments nor existing market arrangements
were immutable: ‘there is a danger that new legislation may destroy vested rights or disturb the
holders of such rights in their peaceable and unrestricted enjoyment of them’. This was
precisely what Wollongong’s nineteenth century businessmen were about. Their objective was
always to gain access to the political process in order to have government, through public
expenditure, grant them a market position which they could not attain by themselves.

At one level, then, the argument in this thesis lends support to the pluralist conception
of the modern state, seeing it as subject to ‘a competition among divided interests with the

1978, p.84.
31 ibid., p.104.
struggle for factional advantage resulting in a political equilibrium'. As the thesis will show, government in nineteenth century New South Wales did operate at the centre of what Max Weber and other theorists of pluralism might have called a 'multi-dimensionality of power'. However, that plurality of power was planted firmly within a capitalist market economy which was not itself a matter for negotiation.

Even so, the executive of the Colonial state was not merely, in the famous formulation of Marx and Engels, 'but a committee for managing the common affairs of the whole bourgeoisie'. At the most fundamental level this was so, the government, as already noted, seeing to the provision of a range of basic services and being heavily involved in capital formation. However, colonial society was economically complex enough for deep conflicts of interests to arise, requiring government, as Buckley and Wheelwright put it, to 'perform a balancing act' in deciding whose interests would be protected or promoted. While these conflicts did not place capitalism itself at risk, they did, as Buckley and Wheelwright recognised, give government 'some autonomy in decision making'. That limited autonomy, though, could itself become the target of decision making by private interests.

The New South Wales government was certainly the target of Wollongong's businessmen. With rare determination they pressed their case, over decades, for public expenditure on export facilities for the Wollongong coalfield. If their actual contribution to the establishment of a coal trade in the district, along with that of government, was at best peripheral, there was one area in which they were undeniably and unambiguously successful.

Once the businessmen decided that Wollongong must be a mining and manufacturing centre, they embarked on a crusade to persuade the local population to support their vision of the district's future. Their success was evidenced by their ability to mobilise the inhabitants to sign petitions, attend public meetings and support the various organisations created by the businessmen, in order to impress Ministries and Parliaments with the legitimacy of their

33 ibid., p.44. See also Poggi, op.cit., p.110.
35 Buckley & Wheelwright, loc.cit.
36 idem.
requests that public money should be devoted to the attainment of their private ends. The businessmen were driven by a desire, indeed an obsession, for a constantly rising level of material prosperity. They were open about this, but were always concerned to situate their motive within the context of the very highest values of British liberalism, delighting in the individual liberty and choice to be enjoyed in a market society and dedicating their entrepreneurial capacities to the attainment of an era of material affluence in which all individuals could enjoy life in abundance. In the end, however, it all resolved itself into a campaign to use public resources to achieve private ends—in this case a public port designed to create a coal trade which, the businessmen hoped, would fill to overflowing the tills of local business houses.

This view of the social and economic role of nineteenth century Australian businessmen is at odds with some recent attempts to demonstrate that they were in fact moved by high ideals of community responsibility. Thus, Geoffrey Curr, writing about Melbourne businessmen and suburban development between 1870 and 1890, accounted for their dealings with government over railway building as being motivated by their liberal ideals rather than by 'sordid, materialistic, and often dishonest' business practices or 'speculative mania'. This effort to rescue the reputation of Australia's entrepreneurs was echoed by Stevan Eldred-Grigg in his study of 'moral capitalism' among landowners in the Hunter Valley region of New South Wales. Both Curr and Eldred-Grigg had answered Alan Birch's complaint that:

in Australia there has been very little expression of pride in the activities of this country's pioneers in extending settlement and the exploitation of the antipodean continent's rich natural resources.

The activities and aims of Wollongong's nineteenth century businessmen may be adduced as one reason for that lack of pride. They were motivated by money, pure and simple. In fact, they provided a striking instance of Donald Horne's observation, in his study of the impact of economic values on Australian society, that:

The ‘radiant, mysterious, dangerous’ principle of money can move Australians deeply, providing some of the most sublime values and symbols of social order and much of the meaning of individual lives.  

There was, and is, nothing uniquely Australian about this. Nonetheless, within the Wollongong district in the near 40 years of economic buoyancy between the gold rushes and the collapse of the 1890s, there is no doubt that the dominant values were an extreme form of liberal individualism. The outlook that defined the aim and purpose of its community was an increasingly strident belief that material progress, prosperity and the pursuit of individual gain were ends of the highest social value, if not the only means by which the good society could be achieved. Of course, those who had settled in Wollongong before the 1850s as farmers and employers of agricultural labour, or as providers of commercial and professional services, did so with the intention of drawing a profitable living from the district. However, after April 1857, when one of the wealthiest men in the Colony commenced the export of coal from the coalfield’s first major mine, there was an edge to public discussion of the district’s economic future that had previously been absent. A self appointed elite emerged which took hold of public policy in an attempt to engineer a particular kind of economic structure for the district. It was they, the local businessmen, who formed organisations dedicated to the attainment of that objective and, consequently, it was their values and aspirations which held sway in the district. They were sufficiently well organised and motivated to carry the rest of the inhabitants with them. Thus, the district’s major newspaper, the Illawarra Mercury, was less a journal of public record than a mechanism for restructuring the minds and aspirations of its readers, and the minute book of the business elite which spoke for Wollongong.

Exactly why Wollongong’s leaders had such faith in pecuniary gain and valued it so highly is beyond the scope of this thesis. The point at which Western societies established the principle of individual gain as the core of economic life and the guiding principle of human nature, or as the American economic historian Robert Heilbroner put it, created “economic

---


man"—a pale wraith of a creature who follows his adding-machine brain wherever it leads him',\textsuperscript{42} occurred as part of the great transition from feudal/pre industrial society to capitalist market society. However, the circumstances which propelled Wollongong's businessmen along that path can be established. The farming economy of the district was battered severely in the depression of the 1840s and, when recovery came, largely under the impetus of the gold rushes, it only restored things to about their pre depression level. At the same time the economies of the gold bearing regions and of the Colonies of Victoria and New South Wales generally were expanding as the influx of gold seekers and immigrants created new internal markets. The impact of the rushes on Australian economy and society was enormous. However, as Humphrey McQueen has emphasised:

Their effect, and this is the central point, was on social consciousness. They sustained the belief that advancement was possible, that the small man could make good, that capitalism was not without promise.\textsuperscript{43}

The consciousness of the small men of Wollongong was profoundly affected by the fact that other districts and regions were forging ahead while their own, far from the action, remained relatively static. Once, though, coal emerged as a means by which a new population of wage earners and their families might be brought to the district, it became their gold equivalent and they pledged themselves to the creation of as large a coal trade as the coalfield could sustain.

While their efforts had little, ultimately, to do with the establishment of a coal trade in Wollongong, they had everything to do with the creation of an industrial mentality in the town and district. An understanding of this process contributes much to explaining the origins of a major twentieth century industrial centre, and why the inhabitants of the district, especially its business leaders, shared a set of values consistent with the encouragement of economic growth and expansion at almost any price.\textsuperscript{44} Those values have come under increasing question and


\textsuperscript{44} For an account of the extent to which Wollongong's twentieth century businessmen were prepared to accept industries known to pose high health and environmental risks, see G. Mitchell, \textit{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.
challenge in the late twentieth century, as the pursuit of industrial growth has bequeathed a legacy of major environmental problems and deep social ones arising from levels of unemployment and poverty that it was meant to banish.45

The argument in the thesis is organised in three parts. Part I, comprising Chapters 1 to 5, inclusive, examines the period 1849-1871. It establishes the factors leading to the location of the first mines on the Wollongong coalfield, as well as to the formation of the coalition of local businessmen that had as its object the attraction to the district of as much mining capital as it could absorb. They identified the lack of a natural harbour as the great obstacle to the attainment of that objective and, through electoral manipulation, succeeded in having the New South Wales government construct a coal port at public expense. The port was completed in 1868, but proved a grand failure. Owners of capital responded to market and profit considerations rather than to the efforts of small business to overcome such considerations with artificial inducements provided at public expense. Consequently, by 1871, following recessions in 1863/64 and 1870, only a handful of mines were operating in the Wollongong coalfield.

Part II, containing Chapters 6 to 10, inclusive, deals with the response of the businessmen to the failure of their Wollongong Harbour policy. Initially demoralised and confused, they soon formulated a new variant of their policy—a railway linking the coalfield with Sydney Harbour, 50 miles to the north. This was a vastly more expensive proposition than a small coal port located in Wollongong. At first it attracted no support from government, which prompted the businessmen to sound out investors in Sydney with a view to forming a private company which would build and operate the line. That too failed to materialise.

From being merely the idea of a band of provincial speculators, the Sydney-Wollongong railway became a major public policy issue following a period of accelerated growth in the economies of the Australian Colonies from 1872. As the demand for coal expanded, several Sydney investor-politicians acquired coal properties in and around the Wollongong district. Together with the district’s businessmen they worked to convince Sydney manufacturing and commercial interests of the benefits of cheaper coal and an

45 See Schedvin, _op.cit._, p.556, for the expression of a similar view.
expansion of the export trade of the metropolis. This coalition took the proposal before the Parliament on two occasions, in 1876 and 1878, only to be defeated by a more powerful coalition comprising Newcastle coal proprietors and business interests, and the pastoralists of the interior who believed that the £1 million sought for the Illawarra Railway would be better applied to the extension of existing lines to the wool producing regions of the Colony. Complex factional manoeuvrings within the Parliament also contributed to those defeats.

The Railway was finally sanctioned by Parliament in 1881. This was less the result of a change of heart by the regional interests which had seen to its rejection in 1876 and 1878, than of the need of Sydney business interests to secure Parliamentary support for a greatly expanded programme of railway construction which required the raising of public loans in Britain on a scale unprecedented in the Colony’s history. The object was to retain for Sydney the impetus to trade and commerce given by the Colony’s wool export trade with Britain. That impetus had been progressively weakened by governments in the neighbouring Colonies of Victoria and South Australia whose railways, linked to the inland rivers of New South Wales, were delivering an increasing proportion of the latter’s wool clip to their own merchant, maritime and commercial interests. With virtually every interest in the Colony guaranteed something in the new railway programme, including Newcastle which was also to be connected to Sydney, the Illawarra Railway obtained Parliamentary approval.

Following that approval the Wollongong coal trade underwent a period of relatively rapid expansion. That period, 1882-1889, is treated in Chapter 11, which is also Part III of the thesis. Whether the expansion of the coal trade owed anything to the line is questionable. Some companies may have been lured to the coalfield by the option of being able to ship their coal direct to intercolonial and overseas markets from one of the world’s finest harbours. However, only one company, the Metropolitan, located inland at the northern extreme of the Wollongong district, railed all of its output to Sydney. Every other new company constructed ocean jetties. Railway haulage costs over the escarpment and through the rugged northern part of the district did not allow the line to compete with the sea routes. The expansion that occurred in the Wollongong coal trade in the 1880s was not the outcome of the development policy of local businessmen or of publicly funded transport infrastructure.
That, however, was of no consequence to the businessmen. What mattered was that the
district now possessed a coal trade worthy of the name. Sydney and Wollongong were not
linked by rail until 1888, a measure of the construction difficulties involved. As the link neared
completion, the attention of Wollongong’s businessmen centred on the consequences for the
business houses of the town of having the district’s major coal port located 50 miles away. In
order to secure for those business houses the trade of a busy maritime centre, they developed a
third variant of their policy—the Wollongong Harbour Trust.

The Trust was to be a semi statutory authority, vested with the power, backed by an Act
of Parliament, to borrow up to £250,000 in London for the purpose of constructing a major
new port at Wollongong, with every mine connected to it by the Illawarra Railway. The Parkes
Government pushed the Wollongong Harbour Trust Act through the Parliament in 1889,
handing over control of the existing public port and the Wollongong seaboard to a body
dominated by local businessmen. However, this represented less a victory for the businessmen
than a move by the government to reduce the public debt, which had risen to record levels. The
Wollongong Harbour Trust was in fact an experiment by the Parkes Government in the partial
privatisation of ‘public’ works. If it succeeded, other regional ports in the Colony would
similarly be weaned from direct dependence on the public sector.

The innovation proved abortive, the Trust being consumed by the economic collapse of
the 1890s. Appropriately, the businessmen’s Harbour Trust was a victim of the results of the
speculative public borrowing excesses of the 1870s and, particularly, the 1880s, undertaken to
satisfy the private ambitions of regional economic interests like those in Wollongong. The
scheme saw them at the zenith of their power, with direct control over port construction and the
regulation of maritime activity in the Wollongong district. Like all their other plans it proved
illusory; the shaping of the coal trade had never been in their grasp. Like the coal they wanted
to see mined in great quantities, their objectives had to await the decisions of owners of capital
to invest in the district. And those decisions were made by people outside their control, who
themselves were moved by forces and expectations that had little to do with anything that
occurred in Wollongong.