Joan Mildred Hargreaves is the author of the thesis entitled:

‘Tariff protection and politics: Castlemaine 1870-1901’.

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TARIFF PROTECTION AND POLITICS:
CASTLEMAINE 1870-1901

by

Joan Mildred Hargreaves BA (Hons.)

SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF ARTS

FACULTY OF ARTS
DEAKIN UNIVERSITY
APRIL 1999

Produced on acid-free paper
DEAKIN UNIVERSITY

CANDIDATE DECLARATION

I certify that the thesis entitled TARIFF PROTECTION AND POLITICS: CASTLEMAINE 1870-1901 submitted for the degree of Master of Arts is the result of my own research, except where otherwise acknowledged, and that this thesis in whole or in part has not been submitted for an award, including a higher degree, to any other university or institution.

JOAN MILDRED HARGREAVES

3/5/1999
DEDICATION

This thesis is dedicated to the memory of my father,
John A. Hargreaves.
This study, set within the contextual background of Victorian politics, ‘seeks to identify the economic, political and social implications of tariff protection for the Castlemaine region from 1870-1901.

The introduction of the Victorian tariff in 1865 precipitated a reversal of earlier attitudes towards protection by politicians and their constituents. Reasons are sought for changes in the perceptions of the Castlemaine electorate and its political representatives towards the tariff between 1870 and Federation.

An examination has been made of the role of the tariff in the creation of employment in the region’s primary and secondary industries together with its influence on politicians, primary and secondary industry leaders and workers. Also explored is the relative impact of the tariff on the economic performance of Castlemaine industries, whether producing for export or domestic markets.
I would like to thank my supervisors, Dr. Marnie Haig-Muir and Dr. Roy Hay, most sincerely for their unfailing support and assistance throughout my candidature.

In particular, I would like to thank Clive Willman who devoted considerable time to the provision of gold yield statistics. Also, Dennis Cox and Staff of the Castlemaine Mail for allowing copies of the Mount Alexander Mail to be researched at home. Thanks also to Mansell Davies of the Eaglehawk Mechanics Institute for access to the Institute’s collection of Parliamentary Debates.

My thanks also to the Staff of Deakin Off Campus Library, Bernadette Lingham of Deakin Library, Patrick Lakey and Staff of Castlemaine Municipal Library and Peter Perry and Staff of Castlemaine Gallery and Historical Museum.

For the provision of photographs and information, I would like to thank the following – Ivan Addis, Kerry Anderson, Peter Eury of Coliban Water, Jill Gale, Steve Markham, Lawrie Muir, Alan Perry, the Castlemaine Pioneers and Old Residents Association, James Taylor, Helen Vellacott, the Victorian Parliamentary Library, Kevin Walsh, Mike Williams and the late Bill Winkelmann.

I deeply appreciate the unfailing support and encouragement of my husband, Dr. David Wishart, whose contribution has played a vital role throughout my studies.

Joan Hargreaves
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<tr>
<td>ADB</td>
<td>Australian Dictionary of Biography</td>
</tr>
<tr>
<td>ANA</td>
<td>Australian Natives Association</td>
</tr>
<tr>
<td>MAM</td>
<td>Mount Alexander Mail</td>
</tr>
<tr>
<td>VPD</td>
<td>Victorian Parliamentary Debates</td>
</tr>
<tr>
<td>P&amp;ORA</td>
<td>Pioneers and Old Residents Association</td>
</tr>
<tr>
<td>PPL</td>
<td>Progressive Political League</td>
</tr>
<tr>
<td>ULLP</td>
<td>United Labour and Liberal League</td>
</tr>
<tr>
<td>ULP</td>
<td>United Labour League</td>
</tr>
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## CONVERSIONS

<table>
<thead>
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<tr>
<td>CURRENCY</td>
<td></td>
</tr>
<tr>
<td>farthing (¼d)</td>
<td>0.208 cents</td>
</tr>
<tr>
<td>halfpenny (½d)</td>
<td>0.416 cents</td>
</tr>
<tr>
<td>penny (1d)</td>
<td>0.833 cents</td>
</tr>
<tr>
<td>12 pence (d) = 1 shilling (1/-)</td>
<td>10 cents</td>
</tr>
<tr>
<td>ten shillings (10/-)</td>
<td>$1</td>
</tr>
<tr>
<td>20 shillings = £1</td>
<td>$2</td>
</tr>
<tr>
<td>LENGTH</td>
<td></td>
</tr>
<tr>
<td>1 inch</td>
<td>2.54 cm</td>
</tr>
<tr>
<td>1 foot</td>
<td>30.48 cm</td>
</tr>
<tr>
<td>1 yard = 3 feet</td>
<td>0.91 m</td>
</tr>
<tr>
<td>1 mile = 1 760 yards</td>
<td>1.61 km</td>
</tr>
<tr>
<td>AREA</td>
<td></td>
</tr>
<tr>
<td>1 acre</td>
<td>0.405 ha</td>
</tr>
<tr>
<td>1 square mile = 640 acres</td>
<td>259 ha</td>
</tr>
<tr>
<td>MASS</td>
<td></td>
</tr>
<tr>
<td>1 ounce (troy – a system of weights for gold)</td>
<td>31.1 g</td>
</tr>
<tr>
<td>1 ounce (oz)</td>
<td>28.35 g</td>
</tr>
<tr>
<td>1 pound (lb) = 16 oz</td>
<td>453.59 g</td>
</tr>
<tr>
<td>2.20 pounds</td>
<td>1 kg</td>
</tr>
<tr>
<td>1 ton = 2 240 lbs</td>
<td>1.016 tonne</td>
</tr>
<tr>
<td>TEMPERATURE</td>
<td></td>
</tr>
<tr>
<td>5/9 (°Fahrenheit – 32)</td>
<td>°Centigrade</td>
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</table>
### CONVERSIONS (Contd.)

<table>
<thead>
<tr>
<th>IMPERIAL</th>
<th>METRIC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VOLUME</strong></td>
<td></td>
</tr>
<tr>
<td>1 pint</td>
<td>0.568 litre</td>
</tr>
<tr>
<td>1 quart = 2 pints</td>
<td>1.136 litre</td>
</tr>
<tr>
<td>8 pints = 1 gallon</td>
<td>4.546 litres</td>
</tr>
<tr>
<td>1 bushel = 8 gallons</td>
<td>36.370 litres</td>
</tr>
<tr>
<td></td>
<td>= 1.284 cu. ft.</td>
</tr>
</tbody>
</table>
The effects of tariff protection on the Castlemaine region as well as the Victorian economy are examined in Chapters 2 to 7. Chapter 1 describes the reasons for the introduction of protection while Appendix 1 outlines the historical background to laissez—faire economic policy and the origins of Liberalism.

Although introduced in 1865 tariff protection had little impact on Castlemaine until the 1870s at which time two industries, which later dominated the region’s industrial sector, were established as a direct result of the tariff. For this reason the study commences in 1870. A chronological approach was adopted since a thematic approach would have necessitated considerable repetition. Each chapter, from Chapters 2 to 6, examines, a five year time span. Chapter 7 was extended to a period of seven years to encompass Federation. Chapters conclude with a summary of the major events of the period concerned. Appendices give details of political, economic and social issues relating to Castlemaine.

Contemporary primary sources include Victorian and Commonwealth Parliamentary Debates, the 1878 Report of the Wattle Bark Board of Inquiry, the 1883 Royal Commission on the Tariff; Victorian Year Books, the Melbourne Age and Argus, and the Castlemaine Mount Alexander Mail. The onset of Meniere’s Disease at the commencement of research precluded extensive research of copies of other Castlemaine newspapers held on microfiche film in Melbourne. Access to hardback copies of the Mount Alexander Mail, a daily newspaper, provided an opportunity to examine every issue from 1870 to 1901. The Mount Alexander Mail was the only Castlemaine newspaper to maintain continuous publication in the nineteenth century. In most instances the Mount Alexander Mail adopted an
impartial attitude towards political issues. To offset any pro-Liberal stance displayed by the Mount Alexander Mail, evidence has been taken from the pro-Conservative Argus.

Contextual material relating to the political and economic scene has been drawn from Parliamentary Debates and the Mount Alexander Mail as well as from contemporary observers Alfred Deakin, Charles Gavan Duffy and Henry Gyles Turner. Historical evidence has also been provided by the works of many modern historians and economists.

A study by G.D. Patterson was used for statistics relating to the Victorian tariff. Clive Willman provided statistics of Castlemaine gold production while official revenue data was taken from Victorian Year Books. Works by W.A. Sinclair and T.A. Coghlan were used for employment and manufacturing statistics. The Mount Alexander Mail was the source of annual reports of the Castlemaine Woollen Mill, Fitzgerald’s Brewery, and the Castlemaine Benevolent Asylum. This newspaper also provided information relating to the economic performance of regional primary and secondary industries. Many of the latter were private companies. Interviews were conducted with descendants of two of the historical figures mentioned in this study.
CHAPTER I
FREE TRADE, TARIFF PROTECTION, AND POLITICS

For the first decade and a half after separation from New South Wales, Colonial Victoria operated under a free trade economic system, with customs excise duties levied on only a few luxury items. Major sources of government revenue were from land sales, squatting licences, and a gold export duty. To pay for imports Victoria relied on gold exports and, to a lesser extent, on the sale of wool and hides. Although a protectionist policy was not introduced until 1865, Victoria’s fiscal problems had become apparent as early as 1858 (Table 1.1). Budgetary deficiencies led to the appointment in 1860 of a Select Committee to consider the introduction of an industry-related tariff. Entrepreneurs and tradesmen informed the Select Committee that they were unable to compete with cheap imports from the highly mechanised countries of Britain and America. Mixed support within the Ministry prevented the introduction of a modest level of customs duties until 1862. These duties were successful in returning the budget to surplus.

By 1864 it became apparent that the new customs duties would not provide sufficient revenue for the government’s program of essential capital works. The Liberal Premier, McCulloch, favoured direct taxation as a method of raising revenue. However his proposal was opposed by the

---

2 Although introduced in 1865, the tariff was not legally enacted until the following year.
3 Dr. Embling, a Protectionist and MLA for Collingwood, was the driving force behind the appointment of the Select Committee.
5 Patterson, The Tariff in the Australian Colonies, pp.12-14.
6 Patterson, The Tariff in the Australian Colonies, p.17. Existing excise duties were increased and the gold export duty reduced and phased out in 1863. New tariffs were levied on dried fruit, malt, hops, and rice, the latter tariff aimed at obtaining revenue from the Chinese population.
7 Patterson, The Tariff in the Australian Colonies 1856-1900, pp.12-13. Additional infrastructure was needed to satisfy not only the needs of the Victorian population which had risen by 54 per cent from 1856 to 1864, but also the government’s interest in attracting more immigrants.
TABLE 1.1

General Revenue and Expenditure in the
Colony of Victoria 1865-1869

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue</th>
<th>General Expenditure</th>
<th>Deficit (-) or Surplus (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1858</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>1859</td>
<td>2,973</td>
<td>3,093</td>
<td>- 120</td>
</tr>
<tr>
<td>1860</td>
<td>3,261</td>
<td>3,394</td>
<td>- 133</td>
</tr>
<tr>
<td>1861</td>
<td>3,082</td>
<td>3,315</td>
<td>- 233</td>
</tr>
<tr>
<td>1862</td>
<td>2,952</td>
<td>3,092</td>
<td>- 140</td>
</tr>
<tr>
<td>1863</td>
<td>3,269</td>
<td>3,039</td>
<td>+ 230</td>
</tr>
<tr>
<td>1864</td>
<td>2,775</td>
<td>2,883</td>
<td>- 108</td>
</tr>
<tr>
<td>1865</td>
<td>2,955</td>
<td>2,929</td>
<td>+ 26</td>
</tr>
<tr>
<td>1866</td>
<td>3,077</td>
<td>2,984</td>
<td>+ 93</td>
</tr>
<tr>
<td>1867</td>
<td>3,079</td>
<td>3,222</td>
<td>- 143</td>
</tr>
<tr>
<td>1868</td>
<td>3,216</td>
<td>3,242</td>
<td>- 26</td>
</tr>
<tr>
<td>1869</td>
<td>3,384</td>
<td>3,226</td>
<td>+ 158</td>
</tr>
</tbody>
</table>

Source: Henry Heylyn Hayter, *Victorian Year Book for 1884-1885*, No.1 Statistical Summary of Victoria from 1836 to 1884, Government Printer, Melbourne, 1885.
Conservative Legislative Council. With the colony’s limited quantity of saleable land, and denied direct taxation, McCulloch was obliged to seek alternative sources of revenue. As a solution to the problem, custom tariff duties were introduced by the McCulloch government in 1865.

Because of its historical connotations, Liberal politicians and political economists of this era were opposed to tariff protection (Appendix 1). Garden comments on the need of Victoria’s early Liberals to make a major ‘ideological and psychological jump’ following the introduction of protection. Protectionism not only contradicted the free trade economic orthodoxy of the age but was also considered unpatriotic since it was aimed largely at ‘Mother England’, the industrial giant of the day. Important political instigators of the tariff, McCulloch and Higinbotham, were required to abandon their earlier free trade philosophies. Difficulties in reconciling his free trade principles with his involvement with the introduction of the tariff led Charles Gavan Duffy to seek the reassurance of both Bright and Mill.

9 J.A. La Nauze, ‘That Fatal, That Mischievous Passage: Henry Parkes and Protection, 1859-66’ in Australian Quarterly, Vol. 19, 1947, pp.54-60. New South Wales was able to fund its budget from the sale of the colony’s vast tracts of land. With the exception of a brief period during the 1890s economic depression, the New South Wales economic pol was firmly free trade. Henry Parkes, the colony’s leading statesman, became the chief spokesman for free trade at the time of Federation. However, Parkes indicated a willingness, in the 1860s, to entertain the idea of a tariff for New South Wales and quoted Mill’s Infant Industry theory in support of his proposal. Parkes returned to his former free trade beliefs after an interview with Cobden in England.
10 Ian Iredale and Garry O’Byrne, Microeconomic Policy: The Australian Experience, The Clarendon Press, Sydney, 1977, p. 186. Protectionism in nineteenth century Victoria was limited to export subsidies and an ad valorem tariff, The latter expressed as a proportion of the value of an article.
12 Stuart Macintyre, A Colonial Liberalism, Oxford University Press, Australia, 1991, p. 106. As a member of the first Ministry to introduce protection in 1865, the Irish-born Higinbotham denied he had betrayed his free trade beliefs. Higinbotham stated that he had ‘a stronger bond of sympathy and opinion with those who advocate what is called protection than with those who advocate what, in this country, is called freetrade’.
14 Charles Gavan Duffy, My We in Two Hemispheres, Vol. II, (1898), Irish University Press, Ireland, 1969, p.319. The former Irish Nationalist, Duffy, visited Bright in 1866. Bright stated that his own free trade principles would not hinder him from imposing a duty of 25 per cent for a period of ten years on certain articles, on the understanding that the tariff would then cease. Francis E. Mineka and Dwight N. Lindley, (eds.), The LaterLetters of John Stuart Mill 1849-1873, Vol. XVI, University of Toronto Press, Canada, 1972, pp. 1043-44, 1203-04. Duffy wrote to John Stuart Mill who replied that a conscientious person could ‘put his opinion in abeyance a political question which he deems of secondary importance as long as it did not
An early biographer of David Syme, Editor of the Age, claimed that he had earned the title of the ‘Father of Victorian and Australian Protection’. Macintyre places David Syme’s conversion to the tariff in 1865, the year in which McCulloch introduced the first protectionist tariff. Initially, Syme had reservations over any future use of excessive tariffs on the grounds that the object of tariffs was to encourage, rather than inhibit, competition. After the introduction of the tariff in 1865, Syme characterised free—traders, merchants, and squatters, as a ‘greedy oligarchy’ that placed self-interest before the ‘common’ good’. Macintyre maintains that the tariff had taken on ‘a talismanic significance it possessed in no other Australian colony’ for Syme and other Victorian Liberals.

Earlier historians, Shann and Eggleston, have linked the introduction of the tariff with the need to provide employment for surplus goldminers. While not denying the minor role played by employment, Butlin believes the problem of miners was soon dealt with by internal and external migration. According to Butlin, government revenue was the most important factor for the introduction

---

16 Macintyre, A Colonial Liberalism, pp. 104-05. Syme’s support of the ‘common good’ indicates a Liberal, Utilitarian philosophy.
of the tariff. Patterson also cites the need for revenue as the most important consideration, with employment playing a secondary role. He also indicates the presence of anti-British sentiment within the community.

A protectionist movement had been evolving since 1856, emanating from Bellarine Peninsula farmers who subsequently formed an association with the purpose of obtaining a tariff on imported corn. Too small to wield political influence, the association sought the help of the Geelong Advertiser which immediately took up the protectionist cause. Bellarine farmers attempted to woo working class support in 1858 by calling for a tariff on manufactured goods as well as corn. The future protectionist newspaper, the Age, dismissed the farmers’ campaign as a return to the notorious Corn Laws. A more powerful organisation, the Tariff Reform League of Victoria, was established in 1859 by tradesmen and artisans in Geelong. The purpose of the League was the conversion of the working class, via the Geelong Advertiser, from free trade and the ‘bogey of the Corn Laws’, to protectionism.

Charles maintains that protection had been firmly embraced by radical workers by 1864 after Graham Berry established the Australasian Reform League. A radical who entered the Legislative Assembly in 1861, Berry eventually became Victoria’s leading protectionist on public platforms. Workers saw the movement as a democratic struggle against wealth, privilege, monopoly, and Imperial interference. Higinbotham, together with other radical politicians in the Legislative Assembly, encouraged the workers’ analysis of protection.

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20 Patterson, The Tariff in the Australian Colonies, p. 16.
22 Charles, ‘The Victorian Protection Movement’, pp. 11- 12. Initially, Berry proposed a moderate tariff, insisting that it should be removed after a period of ten years.
Initially, the protectionist cause was handicapped by the fact that it was a democratic movement supported by the working class. Large manufacturing industries still adhered to their free trade principles because of a fear that protection would increase the price of their raw material. According to Charles, squatters supported free trade because they realised that protection, and the opening up of land, would go hand in hand.\textsuperscript{24}

Before his re-election in 1865, McCulloch made no promises to introduce protection. Instead, he indicated that the existing customs duties would be reduced. However, on his re-election, McCulloch proceeded to implement a range of new tariffs on the basis that negotiations over a joint tariff with other colonies had collapsed.\textsuperscript{25} The government made it clear that, in the absence of direct taxation, revenue was the major reason for the introduction of protection.\textsuperscript{26}

McCulloch’s Ministry was equally divided between Liberal bourgeois and radical Members in 1864.\textsuperscript{27} Support for the McCulloch government mostly came from the wealthy urban commercial men who had acquired their Liberal Ideas in Britain. This group observed investment opportunities arising from the introduction of a tariff and were therefore prepared to support McCulloch. They were also eager to limit the economic and political power of the squatters. On the introduction of the new tariff, battle lines were drawn between the Liberals in the Lower House and the representatives of Conservative, free trade interests in the Upper House.\textsuperscript{28}

\textsuperscript{24} Charles, ‘The Victorian Protection Movement’, p.12.
\textsuperscript{25} Patterson, The Tariff in the Australian Colonies, p. 18. These States were New South Wales and South Australia.
\textsuperscript{26} Patterson, The Tariff in the Australian Colonies, p.18. The government honoured its pre-election promise to reduce theexcise duties on tea and sugar. Revenue needed to be recouped after the reduction of these duties, as well as the loss of the gold export duties.
\textsuperscript{27} McCulloch, pp. 140-43 in ADB, Vol. 5, pp. 140-41.
\textsuperscript{28} Garden, Victoria, p. 136. Many pastoralists in the Upper House saw the tariff as a burden on the production costs of their exports. Patterson, The Tariff in the Australian Colonies, p.49. The tariff was broadened and increased in 1867. Patterson remarks that the 1867 tariff committed Victoria to the ad valorem principle and, for the first time, produced a complicated tariff schedule which was expensive to enforce.
In January 1865 the Legislative Assembly passed a Bill for the introduction of a moderate *ad valorem* tariff of ten per cent (Table 1.2). Before sending the Bill to the Legislative Council for ratification, the government commenced the collection of customs duties. After rumours that the Bill would be rejected by the Council, McCulloch ‘tacked’ the Tariff Bill on to the annual Appropriation Bill. The ‘tacked’ Bill was rejected by the Council after its presentation in July 1865. This was the first time in Victoria that the government’s request for funds had been rejected by the Council. As there was no provision within the Constitution for the Council to ‘lay aside’ financial bills, its action effectively neutralised any legal advantage it might have gained in relation to the ‘tack’. Since the government now had no funds to maintain its services, McCulloch curtailed government services and advised all public servants that they would not be paid. Victoria erupted in a flurry of meetings, marches, letters, editorials and petitions in support of the government.

A number of free trade merchants won a court case in July 1865 which effectively prevented the collection of further tariffs by the government. The Attorney-General, Higinbotham, devised an unorthodox, and possibly illegal, measure to secure government revenue. In September the London Chartered Bank, of which McCulloch was a Director, agreed to lend the government sufficient funds to cover immediate running costs. With the removal of traditional checks and balances, the Ministry was now governing independently of the Parliament.

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29 Patterson, *The Tariff in the Australian Colonies*, p.20. The tariff was levied on many foodstuffs, clothing, textiles, footwear, saddlery, and earthenware. To offset any inflationary impact on the cost of living, duties on some other goods were reduced.


31 Wright, *A People’s Counsel*, p.76. The Bank sued the government for the money which, following an uncontested court case, was awarded as damages. This arrangement allowed the government to borrow £860 000 during the deadlock crisis for the payment of salaries and government expenditure.
TABLE 1.2

*Selected Items from the first two Victorian Tariffs

1866 and 1867

<table>
<thead>
<tr>
<th>Item</th>
<th>1866</th>
<th>1867</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ale</td>
<td>6d. per gallon</td>
<td>6d. per gallon</td>
</tr>
<tr>
<td>Hops</td>
<td>2d. per lb.</td>
<td>2d. per lb.</td>
</tr>
<tr>
<td>Malt</td>
<td>6d. per bushel</td>
<td>6d. per bushel</td>
</tr>
<tr>
<td>Leather</td>
<td>4/- cubic foot</td>
<td>7.5%</td>
</tr>
<tr>
<td>Gold export duty until 31/12/1866</td>
<td>1/- per troy ounce</td>
<td>6d. per troy ounce</td>
</tr>
<tr>
<td>Gold export duty from 1/1/67 to 31/12/1867</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold export duty from 1/1/1868</td>
<td></td>
<td>Free</td>
</tr>
</tbody>
</table>

*Items applicable to Castlemaine

On the advice of his Ministers the Governor, Sir Charles Darling, signed the warrants necessary for payments from consolidated revenue. Darling doubted the legality of his action but continued the process over several months while the deadlock dragged on. No longer an impartial representative of the Crown but an involved party, Darling was censured by the Legislative Council and the Conservative press for his role in the controversy.

McCulloch attempted to break the constitutional deadlock by submitting a new ‘untacked’ Tariff Bill to the Legislative Council in November 1865. After the Bill was rejected certain Executive Councillors complained to Queen Victoria that Darling’s support of McCulloch had undermined the functions of the Legislative Council.

Parliament was dissolved in December 1865 and in February 1866 McCulloch swept the polls on a platform of Legislative Council reform, protection, and land reform. McCulloch resigned in protest after a further Tariff Bill was rejected by the Council in March 1866. As the Opposition lacked sufficient numbers to form a ministry, McCulloch agreed to continue in office without formally holding government. The Assembly had voted that no government would be given the support of the House unless the Tariff Bill was included with the Appropriation Bill.

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34 Wright, A People’s Counsel, pp.76-77. Darling then wrote to the Queen advising her that the Executive Councillors were unfit for the positions of confidential advisers of the Crown since it was impossible that ‘their advice could be received with any other feelings than those of doubt and distrust’. Darling’s action alienated him further from Members of the Legislative Council.
35 Garden, Victoria, p. 106. The Legislative Council was composed of 42 Members of at least 30 years of age, elected for a term of 10 years, who owned property valued at £5,000 or more. Electors were required to be over the age of 21 years and owners or lessees of property worth £1,000 per annum. Professional men were also entitled to vote in elections for the Legislative Council. The Legislative Assembly was composed of 78 members over the age of 21 years elected for a term of 5 years. Property qualifications were abolished for Members of the Legislative Assembly, as well as voters, in 1857 at which time manhood suffrage was introduced.
36 Wright, A People’s Counsel, p.77. McCulloch complained that he was not permitted to govern although he had the overwhelming support of the public, holding 58 of the 78 seat Legislative Assembly.
37 Garden, Victoria, p. 142. McCulloch then suspended arrangements with the London Chartered Bank.
The only course of action open to McCulloch was to ask Darling to prorogue Parliament.  

Parliament was recalled ‘the following day and the ‘tacked’ Appropriation Bill was once again passed and sent to the Legislative Council. After intense negotiations, the deadlock was resolved on 12 April 1866 when McCulloch agreed to remove the ‘tack’. A few days later, the Council passed the Tariff Bill together with the Appropriation Bills for 1864 and 1865.

Political turmoil did not cease with the passage of the Tariff Bill. An Appropriation Bill, which included a grant to Lady Darling, was rejected by the Legislative Council in August 1867. A further Appropriation Bill containing the Lady Darling grant was rejected by the Council in October 1867. McCulloch was granted a dissolution by the Governor following the rejection of a temporary Supply Bill in November. In the elections of February 1868 McCulloch was returned with sixty of the seventy-eight parliamentary seats. Debilitated by the struggle, McCulloch resigned one week before Parliament reopened on 13 March 1868. Although the new government had an overwhelming majority, it was unable to govern because it had been denied Supply by the Legislative Council.

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38 Garden, Victoria, pp. 142-43. It was necessary to prorogue the parliament as a rejected Bill could not be dealt with twice in one session. Despatches had arrived from Whitehall criticising the government for continuing to collect tariffs. Darling was also censured for signing the warrants authorising payment to the London Bank.

39 Wright, A People’s Counsel, p.77.

40 Wright, A People’s Counsel, p.77.

41 Garden, Victoria, p. 143. McCulloch proposed to award a compensatory grant of £20 000 to Lady Darling as her husband stood to forfeit his retirement pension. Wright, A People’s Counsel, p.78. McCulloch asked the new Governor, Sir John Manners-Sutton, to prorogue the parliament so that the Bill could be resubmitted. Manners-Sutton intimated that advice from the Secretary of State prevented him from allowing the Darling grant to be presented to the Legislative Council in its original form. There was a furore reaction in the colony over Britain’s perceived interference McCulloch and his Ministry resigned on the principle of a Governor refusing to accept his Ministry’s advice. Since the Opposition was not strong enough to form government, McCulloch was persuaded to resume office.

42 Garden, Victoria, p. 145. The electoral franchise of the Legislative Council was widened in September 1868 after a reduction in the property qualifications of electors increased the number of voters from 12 000 to 20 000. Members’ property qualifications were halved to ownership of property worth £2 500 or lease of a property worth £100 per annum.

43 Wright: A People’s Counsel, p.79.
Charles Sladen, a Legislative Councillor, formed a government which was, in effect, an unconstitutional Upper House-led administration.\textsuperscript{44} The Appropriation Bill had still not been passed and the power of the Upper House appeared unlimited, with the government apparently subject to the dictates of Whitehall.\textsuperscript{45} The situation was resolved on 7 July 1868 when Sladen received the news that Darling had been reinstated by the Colonial Office and therefore did not require the grant. Sladen resigned and McCulloch, after resuming office on 11 July, 1868 subsequently formed his most radical Ministry.\textsuperscript{46} Within a few days the Upper House passed the Appropriation Bill.\textsuperscript{47}

Throughout the three years of political turmoil Castlemaine was represented in the Legislative Assembly by two Liberal Members, James Farrell and William Baillie and by an Independent supporter of McCulloch, Samuel Bindon.\textsuperscript{48} Castlemaine’s representative in the Legislative Council was Nicholas Fitzgerald, a Conservative.\textsuperscript{49}

At a joint pre-election meeting in February 1868, the three sitting Lower House Members all declared their continuing support of McCulloch’s protectionist policy.\textsuperscript{50} They were challenged by Captain George Harrison whose election platform was outlined in a letter in the \textit{Mount Alexander Mail}. Harrison’s letter gives no indication of

\textsuperscript{44} Garden, Victoria, p.145.
\textsuperscript{45} Wright, A People’s Counsel, p.79.
\textsuperscript{46} Gwyneth Dow, pp.391-97 in ADD, Vol. 5, p.393-94. Higinbotham, displeased over the indecisive outcome of the crisis, resigned from the Ministry in February 1869. Higinbotham was incensed over a debate in the in the House of Lords in May 1868 when six speakers denied the existence of responsible government in Victoria. According to Higinbotham, Victorians had a right to political independence, not out of disrespect for England, but out of confidence in the ‘institutions and people of... (the) colony’.
\textsuperscript{47} Garden, Victoria, p.144-45.
\textsuperscript{48} Kathleen Thomson and Geoffrey Serle, A Biographical Register of the Victorian Legislature 1851-1900, Australian National University Press, Canberra, 1972, pp. 8; 15. David Potts, pp. 163-64 in ADB, Vol. 3, p. 163. Farrell was a local hotel proprietor, Baillie a stock and share broker and Bindon a distinguished jurist.
\textsuperscript{49} Mount Alexander Mail, (MAM), Castlemaine, 27/7/1865, p.2. Nicholas Fitzgerald the co-proprietor of Fitzgerald’s Brewery, had earlier indicated his Conservative leanings by opposing the ‘tacked’ Bill. Fitzgerald maintained that it was his ‘...right to protect the Council from the unconstitutional interference of the Assembly’. Although he was a ‘staunche free-trader by conviction’, Fitzgerald repudiated the suggestion that it was on those grounds that he protested against the ‘tacked’ Bill.
\textsuperscript{50} MAM, 8/2/1868, p.2.
his political allegiance. He ignores the tariff issue, expresses his disapproval of the Darling grant and pledges his support for reform of the Upper House. 51 Another contender, James Patterson ‘a free—trader by conviction’ opposed the Darling grant on the grounds that it was ‘a reward for political services’. 52 Several local committees, which included two wealthy mine-owners, were formed to support Patterson in his work for the ‘Constitutional (Conservative) cause’. 53 The results of the 1868 election, together with the re-election of the three sitting Members, indicate considerable support for McCulloch’s policies in Castlemaine. 54

In the absence of direct taxation it remains doubtful that McCulloch’s Ministry, or any later Ministry, could have engaged in large-scale public works programs without the tariff’s contribution to revenue. The intransigence of the Conservatives left McCulloch no other option but the introduction of protection.

It could be anticipated that Castlemaine, a predominantly goldmining region, would return Conservative, free trade politicians. However, Patterson did not win the election despite the support of most of the Castlemaine elites and two of the region’s most powerful goldmining magnates. It is concluded that support for McCulloch’s policies in the 1868 election came not only from employees in Castlemaine’s few protected industries, but also from workers in the goldmining sector.

51 Letter from George Harrison, Capt., RN, in MAM, 10/2/1868, p.3
52 Letter from James Patterson in MAM, 6/2/1868, p.3. A local butcher, Patterson was a former Mayor of Chewton.
53 MAM, 10/2/1868, p.3. The five committees were drawn from the business and professional sectors and included the Rowe brothers, local mining magnates.
54 MAM 22/2/1868, p.2. The election results were as follows: Bindon 1 712, Baillie 1 562, Farrell 1720, Patterson 1 236, Harrison 1 013. Daily News, Castlemaine, 21/2/1868, p.2. The MAM supported Patterson while the Daily News supported the Liberal candidates. The Daily News reported that the MAM was under the editorship of A.L. Windsor in 1868. CE. Sayers, David Syrne: A Life, F.W. Cheshire Pty. Ltd., Melbourne, 1965, pp. 147-149. It is suggested that the Editor of the MAM at this time was Arthur Lloyd Windsor who, after a brief period with the Argus, became the Age’s ‘editorial mouthpiece’ from 1872-1900. A colleague, Benjamin Hoare, described Windsor as ‘...a sort of Tory. But nobody could nail him to anything...his forte in which he (was) beyond rivalry, was the bitter, satiric, political or social article’. MAM, 7/12/1891, p.2. Alexander Matthews, who followed Windsor as Editor, established the MAM in partnership with Charles Saint in 1853, eventually becoming sole owner in 1863.
While free trade practices did little to disadvantage the industrial strength of Britain, it is doubtful that this policy was appropriate to Victoria’s fledgling economy. As indicated by Whitehead, free trade is not advantageous to underdeveloped countries which trade with highly industrialised nations. Mill also recognised these difficulties when formulating his ‘infant industry’ theory. The evidence of Irving, and Patterson in relation to the uncompetitive nature of Victorian tradesmen suggests that a moderate, and temporary, tariff was not inappropriate for Victoria.
CHAPTER 2
1870—1874

A few years before 1870 Castlemaine was described as ‘a town of clean, wide, regular streets, paved footpaths, prominent public buildings, substantial shops, handsome villa residences, and neat brick cottages’. Though the goldfields surrounding Castlemaine were almost deserted, the town was the business centre for nearby farmers, market gardeners, and vigneron (Figure 1). Providing an outlet for agricultural produce, the Castlemaine Market was considered to be unequalled on the goldfields, if not superior to the Melbourne Market.\(^1\) Many of the local industries, established to serve the needs of gold seekers during the 1850s rush, included foundries, tanneries, breweries, soap and candle makers, flour mills, saddlers, coopers, carpenters, and boot and shoe makers.\(^2\)

A regional population of 50 000 at the height of the 1850s goldrush gained Castlemaine the title of ‘The Great Centre’.\(^3\) Ballarat was almost deserted as diggers joined the rush to the rich Mount Alexander goldfields late in 1851.\(^4\) The richness and shallowness\(^5\) of the goldfields around Mount Alexander provided diggers with abundant rewards for minimal work compared with the goldfields of Ballarat or Bendigo.\(^6\) Blainey doubts that any other Australian goldfield could have equalled the Mount Alexander goldfield within six feet of the surface.\(^7\) For several years after the gold rush there was a widespread

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\(^1\) John W. Butler and Stevens, Sandhurst, Castlemaine and Echuca Directory 1865-6, W.H. Williams, Melbourne, 1865, p.45.
\(^2\) Mount Alexander Mail (MAM), Castlemaine, 29/3/1873, p.2.
\(^3\) MAM, 8/2/1893, p.2. Charles Saint, the first Editor of the MAM, coined the phrase the ‘Great Centre’ in the 1850s.
\(^5\) Raymond Bradfield, Castlemine: A Golden Harvest, Lowden Publishing Co., Kilmore, 1972, p.17. Gold was found from ground level to a depth of 15 feet.
\(^6\) The name ‘Bendigo’ has been used throughout the work to avoid confusion. The official name was Sandhurst from 1853 to 1891, at which time it reverted to Bendigo by popular vote.
FIGURE 1

THE CASTLEMAINE REGION

belief that Castlemaine would become the second largest Victorian city after Melbourne.\(^8\)

As a result of the depletion of alluvial gold, the population of Castlemaine declined over the 1860s.\(^9\) Although earlier expectations of the size of Castlemaine were never fulfilled, a modest gold yield together with the industries originally established to service the gold diggers ensured the town’s survival. Butlin’s study indicates that Castlemaine, like many other towns which received their initial stimulus from gold, failed to sustain growth throughout the 1870s.\(^10\)

Mining activities throughout the 1860s were confined to small—scale operations using steam-driven machines to crush quartz from mines. Small mining groups and individuals used the ‘puddling’ technique whereby water was used to extract gold. Earlier, the absence of sophisticated machinery had restricted the extraction of gold from quartz but the introduction of steam driven crushing machines in the late 1850s provide a solution to this problem. However, the combination of insufficient quartz reserves, poor planning and over-capitalisation resulted in the collapse of many companies in the early 1860s.\(^11\)

Most of the shallow soils in the district, with the exception of the river flats, were unsuitable for general agriculture, a situation exacerbated by a relatively low rainfall. Until the late 1880s, agricultural activities were confined to dairying, wheat growing, and the growing of wine grapes. Two industries, of future economic

\(^8\) Bradfield, Castlemaine, p.31.
\(^9\) MAM, 1/6/1871, p.2. Gold returns of the Mount Alexander alluvial fields fell from 384 757 ounces in 1855 to 15 287 ounces in 1870. By 1871, the population of the Castlemaine region had fallen from 50 000 in the 1850s to 18 968 in 1871.
\(^10\) N.G. Butlin, Investment in Australian Economic Development 1861-1900, Cambridge University Press, Cambridge, 1964, p. 186. As well as the goldmining towns of Stawell, St. Arnaud and Bendigo, other to which sustained growth in the 1870s were Melbourne, Warrnambool, Benalla and Echuca.
importance to Castlemaine, Thompson’s Foundry and the Castlemaine Woollen Mill, were not established until a few years after the arrival of an articulated water supply in 1872.

Two Castlemaine industries, Cunnack’s Tannery and the local Soap and Candle Factory, derived benefits from tariff protection (Table 2.1). On the other hand, the tariff conferred economic disadvantages on local goldminers who were unable to recoup the costs of the tariff from the recipients of their exports. Almost every item used in the goldmining industry was subjected to a protective tariff (Table 2.1).

POLITICS
As no political parties had yet evolved, Ministries were composed of alliances between politicians holding either Conservative, Liberal, or radical beliefs. After the introduction of the protective tariff in 1865 some Liberal politicians abandoned their traditional free trade philosophy to embrace protectionism. Many free traders, although not Conservatives, were forced into the latter category in spite of their Liberal beliefs. These politicians were Liberals in the English sense. The title ‘Liberal’ was used in the 1870s, to describe the more radical and democratic group led for years by Sir Graham Berry.

During the 1860s and 1870s the Victorian political arena was characterised by division and turmoil to a far greater extent than any other parliament in the Australian colonies. Garden attributes this turbulence to the political awareness of the adventurous gold rush.

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13 MAM., 31911874, p.3. The tariff applied to mining machinery, candles, lighting oil, gunpowder, gun cotton, fuses, and lithofracteur (a highly explosive material used in blasting activities). C.M.H. Clark, (ed), Select Documents in Australian History 1851-1900, Angus and Robertson, Sydney, 1955, p.63. However, miners had been given some financial assistance, in July 1867, with the abolition of the gold export tax of two shillings and sixpence per ounce.
14 Garden, Victoria, p.146.
**TABLE 2.1**

*Selected Items from the Victorian Tariff of 1871 (First and Second Revisions)*

<table>
<thead>
<tr>
<th>Item</th>
<th>1871 (First Revision)</th>
<th>1871 (Second Revision)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ale</td>
<td>6d. per gallon</td>
<td>9d. per gallon</td>
</tr>
<tr>
<td>Hops</td>
<td>3d. per lb.</td>
<td>3d. per lb.</td>
</tr>
<tr>
<td>Malt</td>
<td>6d. per bushel</td>
<td>6d. per bushel</td>
</tr>
<tr>
<td>Glass</td>
<td>12.5%</td>
<td>10%</td>
</tr>
<tr>
<td>Leather</td>
<td>7.5%</td>
<td>10%</td>
</tr>
<tr>
<td>Metal manufacture</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Woollen cloth</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Woollen blankets</td>
<td>12.5%</td>
<td>10%</td>
</tr>
<tr>
<td>Silk</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Fuse, gun-cotton and explosives</td>
<td>12.5%</td>
<td>20%</td>
</tr>
<tr>
<td>Candles</td>
<td>1d. per lb.</td>
<td>2d. per lb.</td>
</tr>
<tr>
<td>Soap</td>
<td>Duty free</td>
<td>2d. per lb.</td>
</tr>
<tr>
<td>Green fruit</td>
<td>6d. per bushel</td>
<td>9d. per bushel</td>
</tr>
<tr>
<td>Wrought stone</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Cattle</td>
<td>6d. to 1/-</td>
<td>6d. to 1/-</td>
</tr>
<tr>
<td>Horses</td>
<td>6d.</td>
<td>6d.</td>
</tr>
<tr>
<td>Sheep</td>
<td>1d.</td>
<td>1d.</td>
</tr>
<tr>
<td>Pigs</td>
<td>1d.</td>
<td>1d.</td>
</tr>
</tbody>
</table>

*Items applicable to Castlemaine.

immigrants\textsuperscript{15} while Bate comments on the presence of Chartists in the gold-digging population.\textsuperscript{16} Loveday and Martin indicate an air of class conflict in Victorian politics not evident in any other Australian colony. This conflict is attributed to the repeated resistance of the Legislative Council to the initiatives of the Legislative Assembly.\textsuperscript{17}

The five Ministries holding office between 1870 and 1874 (Appendix 2) contained politicians representing three main interest groups; farmers and selectors, pastoral and mining interests; and manufacturers and artisans. Generally, Conservative politicians supported the notion of free trade and, at the same time, represented pastoral and mining interests. Liberal and radical politicians represented the interests of manufacturers, artisans, farmers and selectors.

Pressure groups, some established in the 1860s, were used by powerful politicians such as McCulloch and Berry to rally support for their protectionist policies. McCulloch called on the assistance of a group of Liberals and radicals, the Loyal Liberal Reform Association, for a number of reforms. Berry derived support from the National Reform and Protection League, an electoral coalition of leagues representing selectors and manufacturers. As well, McCulloch and Berry were able to call on a “radical alliance” of Parliamentary members who, though heterogenous in economic interest, religion, and factional affiliation, could form powerful combinations in support of democratic reform.\textsuperscript{18}

Successive Victorian governments faced increasing difficulties in funding their expansionary projects of

\textsuperscript{15} Garden, Victoria. p. 135.
\textsuperscript{17} P. Loveday and A.W. Martin, ‘Colonial Politics before 1890’, pp.5-43, in A.W. Martin and R.S. Parker, (eds.), The Emergence of the Australian Party System, Hale and Iremonger, Sydney, 1977, p.28.
\textsuperscript{18} Loveday and Martin, ‘Colonial Politics before 1890’, p.28.
railway construction, water reticulation, and education. Although the 1869 Land Act unlocked certain areas of Crown land for ownership by small farmers, land sales failed to produce sufficient revenue to fund the colony’s policy of expansion (Table 2.2). To meet the increasing need for public finance, Victorian governments were forced to rely, not only on tariff duties, but also on overseas borrowing. Nevertheless Sinclair indicates that an increase in construction activity in the 1870s, particularly in the railways sector, made a significant contribution to economic expansion in Victoria.

Garden believes the major political issue of the 1870s was not only the way in which extra government revenue would be raised, but also which section of the community should pay the most. Radicals called for an increased tariff together with a land tax, the latter to be paid by owners of large properties. The commercial community objected to increased tariffs but favoured an income tax imposed on all sections of the community. Squatters disliked all taxes and ‘wanted anyone but themselves to pay’.

In January 1870 the Castlemaine electorate was represented by Nicholas Fitzgerald (Figure 2), in the Legislative Council and by three Liberals, James Farrell, Richard Kitto and William Baillie, in the Legislative Assembly (Appendix 3). Former supporters of the protectionist McCulloch Ministry, Farrell, Kitto and Baillie were now aligned to Premier John MacPherson, a squatter and

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19 Wells, Constructing capitalism: An Economic History of Eastern Australia, 1788-1901, Allen & Unwin, Sydney, 1989, p.97. Governments were committed to the provision of free, secular primary school education after the passage of the Education Act in 1872.
23 Garden, Victoria, p.146.
24 It is noted that, in 1865, two of the three Castlemaine representatives in the Legislative Assembly were Liberals (Chapter 1). All three politicians supported McCulloch over the introduction of the tariff.
TABLE 2.2

Revenue from the sale of Crown Lands and Expenditure on Railways in the Colony of Victoria from 1870-1874

<table>
<thead>
<tr>
<th>Year</th>
<th>Land Sales Revenue</th>
<th>£</th>
<th>Railways Expenditure</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>463,821</td>
<td>192,420</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1871</td>
<td>528,119</td>
<td>242,508</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1872</td>
<td>859,142</td>
<td>566,831</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1873</td>
<td>621,472</td>
<td>853,179</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1874</td>
<td>579,051</td>
<td>816,616</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Frontispiece, Statistical Summary of Victoria from 1836 to 1884, Henry Heylyn Hayter, Victorian Year Book for 1884-85, John Ferres. Melbourne, 1885.
Figure 2. Nicholas Fitzgerald MLC for the North West Province 1864-1906. c.1865.

Source: Castlemaine Pioneers and Old Residents Association.
Independent with free trade leanings. MacPherson’s Ministry, composed of dissident Liberals and Conservatives, formulated no clear policy. His Ministry weakened by two defeats in by-elections, MacPherson resigned in April 1870 and was replaced by McCulloch.

McCulloch took office in April 1870 with a Ministry containing members holding moderate views. Some months later a by-election was held in Castlemaine to replace Baillie MLA. The vacant seat was contested by Tucker, George Greenhill, a declared protectionist, and James Patterson (Figure 3). A Conservative who had stood as a free trade candidate in the 1868 election, Patterson was now convinced that ‘protection benefits the capitalist and speculator quite as much as it does the wages class’.

The introduction in March 1871 of the payment of £300 per annum to members of the Legislative Assembly ‘attracted eleven candidates for the Castlemaine electorate. Matthews remarked that the candidates had modified their earlier free trade policies ‘to meet protectionist principles’. Both Farrell and Patterson advocated a

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25 MAM, 411/1870, p. 1. Kitto was also a supporter of the MacPherson Ministry. The switch in the Castlemaine politicians’ stance appears to relate to longstanding rivalry between Bendigo and Castlemaine. Castlemaine’ hoped to gain a water supply before Bendigo whose politicians supported the Opposition party. The MAM infers that the politicians’ support of MacPherson might enhance Castlemaine’s chance in the water supply stakes.
27 MAM, 15/1/1870, p. 2/3/1870, p.2. Comments by Matthews, Editor of the MAM, indicate a moderate Liberal stance. Matthews pointed out that the Liberal party comprised two groups, McCulloch’s Independent Liberals and the Loyal Liberals led by Higinbotharn. According to Matthews, ‘the difference between the Loyal Liberals and the Independent Liberals now is the difference between red republicanism and loyalty’. Matthews believed that a return to power by McCulloch would be accompanied by ‘new associates and new programs’.
29 Little is known of Tucker’s political allegiance.
30 MAM, 25/11/1870, p.2. Kitto was required to present himself again to the electorate. One other candidate, William Zeal, subsequently withdrew from the election.
31 MAM 28/11/1870, p.2; 11/2/1871, p.2. The election results are as follows -‘Kitto 1256, Tucker 1246, Greenhill 395, Patterson 990.
32 27/2/1871, p.2. Candidates for the Castlemaine electorate were as follows: Farrell MLA, Kitto MLA, Patterson MLA, Anderson, Temple, Kentish, Berry, Zeal, Shakespear, Chapman, and Dr. Embling.
33 MAM, 26/3/1871, p.2.
Figure 3. Sir James Patterson, KCMG, Queen’s Hall, Parliament House, Melbourne.

Source: Victorian State Parliamentary Library

*Mount Alexander Mail*, Castlemaine, 10/10/1893, p.2; 27/11/1893, p.2. Commissioned by ‘devoted friends’ who included Thomas Bent, Baron von Mueller and Castlemaine residents David and James Thompson, Thomas Odgers and Dr. Reid, the portrait was painted by Gordon Coutts from a photograph. The artist did not meet Patterson until three days after the portrait was finished. Initially, the portrait was attributed by the MAM to Castlemaine artist W. Lorch.
protective tariff on articles produced in Victoria. Berry, a candidate from the goldmining hamlet of Taradale, announced ‘at heart I am a free trader. . .but after noting the progress of many colonial industries I am converted to a limited extent to the principle of protection’. Disappointed over Kitto’s withdrawal, Matthews gave his support to Zeal after the latter’s statement that he was a ‘reasonable’ protectionist. The successful candidates were Patterson, Farrell, and Zeal (Figure 4).

Faced with a revenue deficit in June 1871 (Table 2.3), McCulloch proposed the introduction of a general land tax of sixpence in the pound. This measure was opposed by poor farmers, small traders and artisans, and many urban manufacturers. A modest increase in the tariff (Table 2.1) failed to satisfy either free traders or protectionists within McCulloch’s party. Following a split within the Ministry, the Governor called on Charles Gavan Duffy in June 1871 to form a Ministry.

Duffy’s new Ministry was a coalition of free traders who supported Duffy, and protectionists who supported Berry, now the Treasurer. Berry announced that this was the first truly radical Ministry, and one which contained no squatters, bankers or merchants. Faced with an economic recession, together with hostility to direct taxation to
Figure 4. Sir William Zeal, MLA for the Castlemaine Electorate 1871-1874; MLC for North West Province 1882-1901. c.1893.

Source: Castlemaine Pioneers and Old Residents Association.
TABLE 2.3

General Revenue and Expenditure in the

Colony of Victoria 1870-1874

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue</th>
<th>General Expenditure</th>
<th>Deficit (-) or Surplus (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>£'000</td>
<td>£'000</td>
<td>£’000</td>
</tr>
<tr>
<td>1871</td>
<td>3 262</td>
<td>3 428</td>
<td>-166</td>
</tr>
<tr>
<td>1872</td>
<td>1 691</td>
<td>1 754</td>
<td>-63</td>
</tr>
<tr>
<td>1873</td>
<td>3 734</td>
<td>3 660</td>
<td>+74</td>
</tr>
<tr>
<td>1874</td>
<td>3 644</td>
<td>3 505</td>
<td>+139</td>
</tr>
</tbody>
</table>

* Following a change in Government accounting procedures in 1871 the end of the financial year was moved from 31 December to 30 June. The 1871 figures are for the period 31/12/1870 to 30/6/1871.

fund a budget deficit (Table 2.3), Duffy abandoned his free trade beliefs and increased the level of the tariff (Table 2.1).\textsuperscript{42} Sinclair remarks that an economic recession in 1871 strengthened the protectionist movement.\textsuperscript{43}

Matthews doubted the validity of Berry’s claim that the new tariff would stimulate employment and lead to a higher consumption of protected goods. This would only occur if the benefits were passed on to workers in the form of higher wages.\textsuperscript{44} Matthews commented that the colony was now committed to an experiment which might prove ‘once and for all the merits and demerits of protection.’\textsuperscript{45} On the other hand, Sinclair’s statistics indicate that the 1871 tariff fostered a growth in employment in manufacturing industries over the following four years.\textsuperscript{46}

Demonstrations in favour of Duffy’s government were held in towns and cities around Victoria. On a visit to Castlemaine Duffy accompanied by Farrell, now the Government Whip, was given an enthusiastic welcome.\textsuperscript{47} Within a year, an accusation of sectarianism led to Duffy’s resignation\textsuperscript{48} and Patterson, a Duffy backbencher, was censured by Matthews for not supporting the Premier

\textsuperscript{42} MAM, 28/6/1871, p.3. Duffy’s personal opinion was that a property tax placed a burden on industry.

\textsuperscript{43} WA. Sinclair, ‘The Tariff and Economic Growth’, p.79.

\textsuperscript{44} MAM., 3/8/1871, p.2; 23/8/1871, p.2. A few weeks later, Matthews commented on letters to Melbourne newspapers complaining that the cost of shoes had already risen from ten shillings to fourteen and fifteen shillings.

\textsuperscript{45} MAM, 21/6/1871, p.3; 29/6/1871, p.2. Matthews called it a ‘mongrel’ tariff instituted by a ‘mongrel ’ Ministry composed of protectionists and free traders. Matthews claimed Patterson was a free trader, Farrell a protectionist, and Zeal a fence-sitter professing ‘good will to all men’. Farrell had joined the Duffy Ministry while Zeal and Patterson sat with McCulloch in the Opposition.


\textsuperscript{47} MAM., 21/7/1871, p.2. Duffy was greeted at the Castlemaine Railway Station by the local Volunteers’ band, together with 800 Castlemaine residents led by the Mayor J.W. ‘Burnett who informed Duffy that the people of Castlemaine were most anxious that the new tariff would benefit the whole colony, not only ‘this long-neglected locality’. Turner, A History of the Colony of Victoria, p. 159. Turner believes that Duffy was glorified by the country press. Further, that Duffy’s oratory during his country tours convinced Victorians they were on the threshold of a new and prosperous era.

\textsuperscript{48} Parnaby, pp.109-113 in ADB, Vol. 4, pill. Duffy was determined to advance the cause of the large and growing Irish Catholic community. Duffy’s appointment of Cashel Hoey, a former Irish Nationalist, as Secretary to the Victorian Agent-General in London angered Protestants. MA/VI, 18/5/1872, p.2. Matthews deplored the sectarianism of Protestants.
during the crisis.\textsuperscript{49} According to Matthews, Castlemaine relied on Patterson to promote its push for a cheap railway link to Maryborough.\textsuperscript{50}

In June 1872 James Francis, a former supporter of the tariff, became Premier. His new Treasurer, Edward Langton, was the most outspoken free—trader in the Assembly.\textsuperscript{51} Within a few weeks Francis attended the Intercolonial Conference, held in Melbourne to reach agreement between the Australian Colonies on a Customs Union as well as a uniform tariff.\textsuperscript{52} The Inter—Colonial Conference was complicated by disputes between Victoria, New South Wales and South Australia over the use of the Murray River for the carriage of goods. However, the major impediment to a satisfactory resolution was Victoria’s determination to impose customs duties on goods from New South Wales crossing the Murray River. Underlying Victoria’s intransigence was the battle between the two Colonies to retain either Melbourne or Sydney as the entrepôt for the lucrative Riverina trade.\textsuperscript{53}

In April 1874 Zeal’s resignation from the Legislative Assembly necessitated a by—election, described as ‘one of the fiercest ever experienced in Castlemaine’.\textsuperscript{54}

\textsuperscript{50} MAM, 30/5/1872, p.2; 6/6/1872, p.2. The Leader of the Opposition, Francis, had made it clear that he supported cheaper railway construction costs than those used by previous governments. Zeal, an experienced railway engineer, pushed for a cheaper narrow gauge from Castlemaine to Maryborough whereas Patterson supported the more expensive broad gauge used elsewhere in Victoria. Leo J. Harrigan, Victorian Railways to ‘62, Victorian Railways, Melbourne, 1962, pp.88-89. The broad gauge was eventually used.
\textsuperscript{51} Turner,A History of the Colony of Victoria, p.162.
\textsuperscript{52} Clark, (ed), Select Documents, p.286. MAA’S’, 2/1/1874 p.2; 4/5/1874, p.3. Matthews reported that ‘men of commerce’ had interviewed Francis after a New South Wales proposal to abolish all ad valorem tariffs in January 1874. It was pointed out to ‘Francis that Victoria exported £500 000 worth of soft goods and stores to the Riverina, subject to Victoria’s 20% ad valorem tariff,’’ whereas Sydney exporters would be able to sell these goods at a price which was 20% lower. According to Matthews, the Times in London had warned that unless Victoria abandoned protection, it would be outstripped by Sydney. The MAM’s London correspondent reported that New South Wales’ free trade policy was given favourable comment by English journals. The Cobden Club had recently made Henry Parkes, Premier of New South Wales, an honorary member and presented him with a gold medal.
\textsuperscript{53} Clark, Select Documents, pp.259-60.
\textsuperscript{54} MAM, 27/2/1874, p.2; 23/4/1874, p.2. Zeal’s resignation was due to ill-health. The two sitting members, Patterson and Farrell,. were required to present themselves again to the electorate. Matthews remarked that, although Zeal did not neglect his constituency, his influence in Parliament was ‘negative...sitting in Opposition, he criticised but did not originate any useful measures’.
Attracting five candidates, the election was subsequently won by Patterson, Farrell, and Robert Walker.\(^\text{55}\)

Because of his democratic and pragmatic approach Francis presided over a relatively peaceful period in which several important Acts were either passed or introduced.\(^\text{56}\) However, his legislation for a more equitable electoral system, together with a method of resolving future constitutional deadlock crises, was strongly opposed by the Upper House. Francis proposed the use of the Norwegian Parliamentary model which used joint sittings of both Houses.\(^\text{57}\) The Norwegian model won the approval of Walker, as well as Matthews who criticised Patterson for his refusal to support the efforts of Francis.\(^\text{58}\)

At a banquet in honour of his re-election in September 1874 Fitzgerald denied that the Legislative Council was ‘hostile’ to the introduction of reform measures.\(^\text{59}\) When the reform bill was finally shelved Fitzgerald remarked that it was ‘a signal victory for this country.\(^\text{60}\)

Following the failure of his reform proposals Francis withdrew from Parliament in July 1874 and was replaced by George Kerferd, a Conservative and free-trader. The new Treasurer, Service, held Liberal beliefs but was forced

\(^{55}\) MAM, 24/3/1874, p.2; 28/3/1874, p.2; 23/4/1874, p.3. Candidates were Patterson, Farrell, Meredith, Tucker, and Saint. 28/3/1874, p.2. Matthews was disappointed over the withdrawal of Charles Saint for financial reasons. Saint, a free-trader and former Editor of the Mount Alexander Mail from 1856 to 1863, had returned from working in China. Matthews commented that a man of Saint’s ‘culture, and experience in the work and study of legislation’ was needed to represent the electorate. Election results were as follows.- Patterson 1653, Farrell 1326, Walker 1 190 votes. A journalist, Walker was a Liberal protectionist who had recently represented the Crowlands electorate.

\(^{56}\) Geoffrey Bartlett, pp.211-13 in ADB, Vol. 4, p.212. The 1872 Education Act introduced free, secular, and compulsory education. Francis also tackled mining on private property, a railway building program, and land law liberalisation. Acts were passed to reduce mining accidents, and liquor sales reform.

\(^{57}\) Bartlett, pp.211-213 in ADB, Vol. 4, p.212. Francis wished to introduce a fairer system of electoral representation based on one man one vote, and one vote one value.

\(^{58}\) VPD, Vol. XVIII, 10/6/1874, pp.273-75; MAM., 1014/1874, p. 28/5/1874, p.2. Patterson opposed the reform proposal on the rationale that mining interests had deteriorated during the time the parliament had argued over the best method of conflict resolution.

\(^{59}\) MAM., 519/1874, p.2.

\(^{60}\) MAM., 518/1874, p. 8/9/1874, p.2. Matthews commented that Fitzgerald was better suited to the Legislative Assembly because of ‘his energy, dash, and uncompromising courageously (sic) of opinion.’
into the Conservative camp by his staunch free trade beliefs. Service’s free trade philosophy had been reinforced by a recent trip to England.61

THE CASTLEMAINE ECONOMY
The scant evidence available suggests that the Castlemaine economy was depressed from 1870 to 1874. A comment was made by the Age in 187062 relating to the ‘poverty’ of the district and, in 1874, the Mount Alexander Mail remarked on a fall in commercial activity.63

GOLDMINING
By 1870 gold production had fallen on all Victorian goldfields with the exception of the deep lead mines of Bendigo.64 Although there had been a dramatic fall in: Castlemaine gold production from the early 1850s to 1870, there was a slight increase from 1870 to 1874 (Table 2.4). Many public companies, characterised by over-capitalisation, had been formed between 1860-1863 to work Castlemaine’s quartz reefs. A fall in gold production led to their collapse and, until the 1870s, the quartz mining industry was dominated by small parties of working miners who leased portions of ground from these companies.65

Throughout the period 1870-1874 efforts were made by local bodies and politicians to secure private capital as well as government subsidies to promote the mining industry.66 The Castlemaine Mining Board asked members to lobby their local politicians for State aid for gold prospecting.67

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61 Turner, A History of the Colony of Victoria, pp.170-71. From 1874-1881 Service represented Maldon (14 km from Castlemaine), an electorate containing a high proportion of gold miners holding free trade views.
62 Age, 2/2/1870, p.2.
63 MAM, 3/6/1874, p.2.
64 MAM, 15/1/1871, p.2.
65 Bannear and Annear, Assessment of Historic Mining Sites, pp. 19-48.
66 MAM, 1 1/4/1870, p. 21/2/1871, p.2; Letter from ‘Old Reefer in MAM, 17/6/1871, p.3. An experienced miner warned of the dangers of a return to ‘the days of 1868 when Castlemaine was rushed by a horde of unprincipled speculators, mostly from Ballarat, who took up large areas of highly auriferous ground, sold shares, made calls, drew largely on local investors, and cleared out after fleecing people’.
67 MAM, 24/7/1872, p.2.
TABLE 2.4

Gold Production in the Castlemaine Region

1870-1874

<table>
<thead>
<tr>
<th>Year</th>
<th>Ounces</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>8268.15</td>
</tr>
<tr>
<td>1871</td>
<td>7819.65</td>
</tr>
<tr>
<td>1872</td>
<td>10198.95</td>
</tr>
<tr>
<td>1873</td>
<td>17121.85</td>
</tr>
<tr>
<td>1874</td>
<td>13595.55</td>
</tr>
</tbody>
</table>

Source: Compilations by C.E. Willman, Senior Geologist, Minerals Victoria from Official Mining Department Quarterly and Annual Reports, 1996.
Patterson responded by asking Parliament for a prospecting subsidy of £250 000.  

A brief mining revival in 1871 saw the emergence of new companies however, rich surface reefs failed to fulfil expectations as greater depths were reached. Calls were issued for more capital but many local shareholders had bought more shares than they could afford and were unable to provide further capital. As a result the Castlemaine mining ‘boom’ collapsed following a sharp decline in stock prices.

Increased mining activity at Wattle Gully early in 1872 raised expectations that Castlemaine would emulate the success of Bendigo. It became evident that the newly discovered reefs had not fulfilled their earlier promise and, by early 1874, operations had almost ceased at Wattle Gully and Specimen Hill mines.

Throughout the period miners voiced their concerns over the availability of timber, land, and water. Mining interests were concerned that the source of local timber would disappear after the total area of the Mount Alexander timber reserve was marked out by neighbouring property owners. These concerns proved groundless as only a small area of land had been sold by 1874. Recognising the importance of timber to the mining industry, the government eventually introduced legislation to prevent the felling of immature trees. A minor ‘land rush’ at Mount Alexander in 1870 alarmed local miners,
concerned over a future shortage of auriferous Crown Land. After dismissing their claims as alarmist, Matthews pointed out that there was less local auriferous Crown Land in private hands than on any other goldfield in the colony.

Mining on privately-owned land remained a vexatious issue for successive Victorian governments. The Legislative Council had resisted the passage of a clearly articulated legislative Act aimed at opening up private property to miners on equitable terms. Legislative Councillors opposed any legislation aimed at limiting the right of land owners to a proportion of gold found on their property. On the other hand, miners believed they had a right to gold discovered on another’s land.

A continuous supply of water was vital to the gold puddling extraction technique. The long dry summer of 1870-1871 proved to be one of the most unproductive years in Castlemaine’s mining history. Therefore, the completion of the Coliban water system (Figure 5) remained the major goal of not only the mining industry, but also of Castlemaine residents (Appendix 4). Having already won the right to tap the Coliban system ahead of Bendigo, Castlemaine continued to place pressure on the

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76 MAM, 10/12/70, p.2.  
78 VPD, Vol. XIV, 21/8/1872, p. 1074. Patterson believed any new mining Act should not only legalise existing contracts, but also encourage future mining by facilitating more appropriate ‘contracts between miners and property owners. He believed miners should be allowed easier access to large areas of, privately-owned land.’  
79 Bannear and Annear, Assessment of Historic Mining Sites, p.47.  
80 Quarterly Reports of Mining Surveyors and Registrars 31/3/1870, John Ferres, Government Printer, Melbourne, p. 19. From the report for the quarter ending 3 1/3/1870 of Thomas Brown, Mining Surveyor and Registrar for the Castlemaine region. According to Brown, most of the machinery was either lying idle or only ‘partially utilised because of the lack of water. MAM, 17/1/ 1870, p. 21/2/1870, p.2. Many miners were forced to seek work elsewhere in 1870. Between 1868 and 1869 miners’ wages had fallen from £1.16.0 to £1.11.0 per week.  
81 MAM, 1/3/1870, p.2; 24/5/1870, p.2. Local alluvial miners were unable to gain the maximum benefit from their puddling machines during the region’s long, dry summers.
FIGURE 5

THE COLIBAN WATER SYSTEM

government for the completion of the scheme.\textsuperscript{82} However, McCulloch was committed to other public works and was not prepared to complete the Coliban system at that time.\textsuperscript{83}

CASTLEMAINE WOOLLEN MILL

Two years after the arrival of a water supply in Castlemaine in 1872 a preliminary meeting was held to explore the possibility of establishing a woollen mill in Castlemaine.\textsuperscript{84} The introduction of tariff protection was the major reason for the decision to establish the mill.\textsuperscript{85} At a subsequent public meeting, a provisional Director commented that he had ‘long believed Castlemaine would be a manufacturing town as soon as water became available’.\textsuperscript{86}

The company planned to manufacture woollen cloth, flannel, and blankets, all protected by the tariff (Table 2.1). Provisional directors were optimistic of the mill’s future after enquiries had revealed that woollen mills, in Ballarat and Geelong could barely fill their orders. It was anticipated that the mill would provide employment for the currently unemployed men, women, and children of Castlemaine.\textsuperscript{87} However, insufficient shareholder interest postponed the establishment of the mill until 1875.\textsuperscript{88}

Matthews commented that Castlemaine possessed the necessary elements for a successful manufacturing enterprise: water, fuel, railway communications to all chief centres of population and commerce, and an abundance

\textsuperscript{82} J.M. Powell, Watering the Garden State: Water, Land and Community in Victoria 1834-1988, ‘Allen & Unwin, Sydney, 1989, p.73. Powell comments that the ‘notorious’ Coliban system, commenced in 1864, was the most significant non-metropolitan Government venture in this period.

\textsuperscript{83} MAM., 24/6/1870, p.2.

\textsuperscript{84} MAM., 4/9/1874, p.2.


\textsuperscript{86} MAM., 29/9/1874, p.2. Mr. Dawson, a provisional Director.

\textsuperscript{87} MAM., 29/9/1874, p.2.

\textsuperscript{88} MAM., 29/9/1874, p.2; 27/10/1874, p.2, 6/11/1874, p.2. As only 580 shares had been subscribed within two months of the initial meeting it was decided to postpone the establishment of the factory until 1 000 shares were issued. Machinery and buildings were estimated to cost £7 219.0.0 and £5 100.0.0 respectively. A weekly profit of £970.8 was anticipated after deducting £536. 13.4 (the cost of production together with an interest payment of eight per cent).
of labour. Most importantly, the mill would provide employment for one hundred and fifty people.  

FITZGERALD’S BREWING AND MALTING COMPANY
One of Castlemaine’s oldest industries, the brewery was established in 1857 by two brothers Edward and Nicholas Fitzgerald. A branch of the brewery was established in Melbourne in 1872 followed by another in Sydney in 1874. Few details of the brewery’s activities have been found as profit and loss details were not published until 1885, at which time the brewery became a public company. While the 1871 tariff conferred economic advantages on Victorian ale, it had a negative impact on the ingredients used in its production (Table 2.1).

THOMPSON’S FOUNDRY
Tariff protection was a significant factor in the establishment of a foundry by the two Thompson brothers in 1875. Giving evidence before the Tariff Commission Enquiry in 1882, David Thompson stated that protection had played an important role in the decision to establish a foundry in Castlemaine.

David and James Thompson’s first item of manufacture, in 1870, was a traction engine built at their Castlemaine flour and starch mill. Six men were initially engaged in machinery manufacturing until the phasing out of flour

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89 MAM., 28/8/1874, p.2; 30/12/1874, p.2; 24/12/1877, p.2; 25/12/1878, p.2; 25/12/1880, p.2; 27/12/1881, p.2. The Fitzgerald brothers were reported to be popular and generous employers. Employees received annual bonuses while the company paid all expenses for a picnic held each year for employees and their families. A special train from Melbourne was chartered to bring the friends of employees to the picnic.
90 No evidence has been found to determine the source of water used by the brewery before the completion of the Coliban system. Ivan Addis, Secretary, Castlemaine Historical Society, Pers. Comm. April, 1996. Before the arrival of reticulated water, carriers made deliveries from the various wells in Castlemaine.
91 ‘Castlemaine Industries’, in MAM., 6/8/1907, p.3.
92 ‘Castlemaine Industries’ in MAM., 6/8/1907, p. 27/1/1874, p.2.
93 MAM., 17/1/1885, p.2.
94 Butlin, Investment in Australian Economic Development, p.206. Capital investment in breweries was far greater than in other Victorian industries. Butlin comments that this was ‘...a testimony to the importance attached to the industry by the Australian community’.
95 Tariff Royal Commission 1883, Government Printer, Melbourne, pp. 349-54.
milling in 1875. At this time, the brothers discontinued their milling operations but kept the building because of its close proximity to the railway station and the consequent saving in cartage costs.

OTHER CASTLEMAINE INDUSTRIES
Many of Castlemaine’s industries had been established soon after the collapse of the alluvial ‘rush’ to service the needs of the region. Certain industries gained an economic advantage from the higher level of the 1871 tariff (Table 2.1).

The Standard Brewery was described as one of the district’s leading breweries while Cunnack’s tannery was considered one of the most extensive establishments of its kind outside Melbourne.

J.H. Horwood manufactured a range of mining machinery at the Albion Foundry. In 1876 Horwood took advantage of the rapidly growing river steamer industry by purchasing Fallow Brothers foundry at Echuca.

The Castlemaine Flagging Company, described as a ‘large undertaking’, employed a workforce of approximately fifty men. According to the Mount Alexander Mail

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96 MAM, 8/3/1882, p.2. The flour mill was initially funded in 863 from the proceeds of the Thompson brothers’ Quartz Hill Mine at Chewton.
97 MAM, 1/10/1875, p. ‘Castlemaine Industries’ in MAM., 16/7/907, p.3.
98 MAM, 7/12/1874, p.2. Established at Campbells Creek in 1853, the Standard Brewery manufactured 300 hogsheads of ale per week.
99 MAM, 21/8/1873, p.2; 28/1/1884, p.2. Cunnack’s tannery was established in 1857. In 1884 the MAM reported that ‘for many years Cunnack’s leather has commanded the highest praise on the London market’.
100 MAM., 21/8/1873, p.3; 10/10/1874, p. 13/10/1874, p.2. Cunnack was involved in a notable industrial dispute with his workers in 1874 when they sought the same privilege as Melbourne tannery workers - an eight hour day. Cunnack issued a warrant for the arrest of a number of his workers under Section 11, Part 2 of the Master and Servant’s Act and eight men were subsequently imprisoned in the Castlemaine Gaol for seven days. Age, 10/10/1874, p.4. The Editor of the Age declared that there was no reason why Victoria should retain an Act which was applied more vigorously than in England.
103 VPD, Vol. XIII, 17/10/1871, p. 1 143. An application was made by the Castlemaine Flagging Company for a permit to mine under their factory was discussed in Parliament. Patterson stated that the company’s nett profit for 1870 was £2 963.7.4. The annual wages bill was £2 000. MAM, 23/9/1870, p. The company exported flagging tiles to New South Wales. At an exhibition in Sydney an Argus correspondent commented on ‘the unmatched quality of the product’.
foundry, Robertson and Wagner’s Coach Factory, and Yeats Pyrites Works were all significant contributors to the local economy.\textsuperscript{104} Other Castlemaine industries included the Harcourt Granite Quarry\textsuperscript{105} and Beckingsale’s Guildford Soap and Candle factory, the latter established in 1856.\textsuperscript{106}

A new industry, sericulture, was embraced with enthusiasm by the middle—class women of the district.\textsuperscript{107} Matthews remarked that sericulture would prove to be an ideal industry for Castlemaine.\textsuperscript{108} Mrs. Bladen Neill, the widow of an Indian Army officer, formed a company which took up a land grant of fifty acres in 1874 for the propagation of mulberry trees at Mount Alexander.\textsuperscript{109} Silk was subsequently sent to France where it was highly praised by a manufacturer.\textsuperscript{110}

\section*{SOCIAL WELFARE IN CASTLEMAINE}

Before the introduction of the Old Age Pension in 1897 the financial support and care of the aged and infirm was left to relatives or charitable institutions. Other frail, elderly and homeless citizens were cared for by the Castlemaine Benevolent Asylum.\textsuperscript{111} Financial assistance, or ‘outdoor relief’, was dispensed by the Castlemaine

\begin{itemize}
\item \textsuperscript{104} MAM., 28/8/1874, p.2. Bradfield, Castlemaine, p.46. MAM, 21/6/1884, p.2. Yeats Pyrites Works commenced operations in 1868.
\item \textsuperscript{105} ‘Castlemaine Industries’, in MAM., 23/7/1907, p.4. The Harcourt Granite Quarry was established in 1861-62 at the foot of Mount Alexander to provide granite for the Castlemaine-Bendigo railway.
\item \textsuperscript{106} The Guildford Soap and Candle factory, established in 1856, provides an example of the way in which the tariff benefited producers and disadvantaged consumers. Geographically situated to capture the mining market, the factory’s product derived economic benefit from the high tariff. Conversely, miners producing for the export market were unable to pass on the cost of the tariff on candles.
\item \textsuperscript{107} MAM., 18/11/1877, p.2. According to the MAM the Ladies’ Sericulture Co. Limited, which I established a magnanerie in the Domain, South Yarra in 1873, moved its operations to Mount Alexander.
\item \textsuperscript{108} MAM., 1/2/1871, p.2
\item \textsuperscript{109} MAM., 20/1/1874, p.4; 22/1/1874, p.2, 71911874, p.2. Mrs. Bladen Neill subsequently instructed 20 Castlemaine women in the management of silkworms. The company not only planted 25 000 mulberry trees, but also built a manager’s cottage, together with a large magnanerie (92 x 29 feet) to house the silkworms. Three hundred ounces of silkworm eggs were ordered from Europe at a cost of £10.0 per ounce.
\item \textsuperscript{110} MAM., 23/9/1874, p.2
\item \textsuperscript{111} The Annual Report of the Committee of Management of the Castlemaine Benevolent Asylum Incorporated 1881, J.W. Harrison, Printer and Stationer, Castlemaine, 1882, p. 1. the Objects of the Benevolent Asylum (established 1860), were ‘to relieve the aged, infirm, permanently disabled, or destitute, of all creeds and nations, and to minister to their necessities, according to the means of the Institution’.
\end{itemize}
Benevolent Ladies’ Committee to residents who were unemployed or devoid of family.\footnote{112 Report of the Ladies’ Committee of the Castlemaine Benevolent Asylum, 30/6/1898, Harrison Typ., Castlemaine, 1898, p. 1. The Castlemaine Benevolent Ladies’ Committee (established 1866), a sub-committee of the Benevolent Asylum, comprised the wives of local businessmen.}

Funding for the Benevolent Asylum came from an annual government grant, bequests, and donations from local citizens.\footnote{113 MAM, 14/1/1870, p.2. In 1870 the government grant was £1 200, an amount considered inadequate by the Benevolent Asylum Committee. PD, Vol. XV, 12/11/1872, pp.2021-22. A request for further government funding by Farrell and Zeal was not supported by Patterson.} The Ladies’ Committee supplemented their resources with bazaars, an annual ‘Hospital Sunday’ appeal, as well as a grant from the Benevolent Asylum.\footnote{114 MAM, 8/7/1874, p.3. After a recommendation by municipal authorities or a clergyman, families were visited and assessed by a member of the Ladies’ Committee. Each family was visited on a weekly basis for the distribution of food, clothing and blankets.}

From 1870 to 1874 the Benevolent Asylum faced two serious problems. These were an increase in operating costs, and a one hundred per cent increase in admissions (Table 2.5).\footnote{115 MAM 6/1/1870,p.3; 23/1/1874,p.2.}

An absence of classification of recipients of outdoor relief prevented an accurate assessment of the level of local unemployment from 1870-1874. From Annual Reports of the Ladies’ Committee it was found that an increase in the level of outdoor relief in 1872 was the direct result of a rise in unemployment.\footnote{116 MAM 4/7/1872, p.2.} No reasons were given for the significant fall in the distribution of outdoor relief in 1874 (Table 2.6).\footnote{117 MAM, 8/7/1874, p.3.}

**CONCLUSION**

Sinclair’s statistical study shows a relationship between the growth of the manufacturing sector from 1871-1875 and the tariff increase of 1871. This study, together with statements by Shaw and Thompson, supports the conclusion that the Castlemaine Woollen Mill and Thompson’s Foundry were established as a direct result of the introduction of tariff protection. Comments by the *Mount Alexander Mail* and Dawson suggest that the establishment of the mill was
### TABLE 2.5.

Expenditure of Castlemaine Benevolent Asylum

1869-1874

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Cost per capita per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1869</td>
<td>62</td>
<td>£19.4.5½</td>
</tr>
<tr>
<td>1870</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1871</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1872</td>
<td>61</td>
<td>£14.19.9½</td>
</tr>
<tr>
<td>1873</td>
<td>74</td>
<td>£21.12.2</td>
</tr>
<tr>
<td>1874</td>
<td>97</td>
<td>£20.7.0</td>
</tr>
</tbody>
</table>

Source: Annual General Meetings of the Castlemaine Benevolent Asylum, *Mount Alexander Mail*, Castlemaine, 14/1/1870, p.3; 10/1/1873, p.2; 23/1/1874, p.2; 15/1/1875, p.2.
TABLE 2.6

Relief distributed by the Ladies’ Committee of

Castlemaine Benevolent Asylum 1869-1874

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of families</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1869</td>
<td>115</td>
<td>£341.10.1</td>
</tr>
<tr>
<td>1870</td>
<td>168</td>
<td>£490.3.3½</td>
</tr>
<tr>
<td>1871</td>
<td>207</td>
<td>£583.0.0</td>
</tr>
<tr>
<td>1872</td>
<td>267</td>
<td>£531.0.7</td>
</tr>
<tr>
<td>1873</td>
<td>256</td>
<td>£581.16.7</td>
</tr>
<tr>
<td>1874</td>
<td>147</td>
<td>£536.16.5</td>
</tr>
</tbody>
</table>

Source: Annual General Meetings of the Ladies’ Committee of the Castlemaine Benevolent Asylum. Mount Alexander Mail, Castlemaine, 6/7/1870, p.2; 4/7/1871, p.2; 4/7/1872, p.2; 3/7/1873, p.2; 8/7/1874, p.2.
postponed until the arrival of reticulated water and the accumulation of sufficient investment capital.

Since the economic performance of other local industries before 1870 was not examined, no firm conclusion can be reached over the effect on their operations of five years of tariff protection. Iredale and O’Byrne’s study indicates the benefits derived by protected industries from the use of domestically—produced components for items destined for the domestic market. This suggests that the 1871 tariff conferred benefits on the local breweries, the Soap and Candle factory, the Castlemaine Flagging Company, and the Harcourt Granite Quarry. It is possible that Cunnack’s ability to compete on the export market, despite the tariff burden, relied to a certain extent on the exploitation of his workers.

Comments by the *Age* and the *Mount Alexander Mail* indicate that Castlemaine took longer to recover from the 1871 recession than certain other regions in the colony. The reports of the Ladies’ Committee suggest that neither the rise in gold production nor the 1871 tariff provided substantial local employment opportunities.

Sinclair contends that the 1871 economic recession strengthened the protection movement. It is argued that there was support for protection in the Castlemaine electorate before that time. Patterson’s abandonment in the 1870 election of his former free trade policy supports this argument.
CHAPTER 3
1875—1879

Throughout the late 1870s successive governments faced the long-standing problem of budget deficits (Table 3.1) when revenue from land sales (Table 3.2) and the tariff failed to keep pace with expenditure on railways and other infrastructure projects. Attempts by Premiers to introduce an alternative method of funding budget deficits were opposed by powerful sectional interests.

Matthews, Editor of the *Mount Alexander Mail*, remarks on the difficulties encountered by politicians in dealing with these sectional groups. No single political party was able to accommodate the conflicting demands, a situation which led to the proliferation of small sectional interests, each acting independently of one another. This, in turn, encouraged the phenomenon of coalition governments.

Garden does not deny the existence of sectional interests in the political parties of the 1870s nor the difficulties posed by coalition governments. However, he does believe that a clearer alignment of two major philosophical streams emerged in the 1870s. This division between the two political ideologies would widen over the rest of the 1870s. On one hand were the Constitutionalists, or Conservatives, who preferred free trade and, on the other, the Liberals who supported protection and land tax. Conservatives were supported by merchants and large land owners, and Liberals by manufacturers, farmers and artisans.

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1 Turner, A History of the Colony of Victoria, p. 156. Infrastructure projects included schools, roads, bridges, public offices, and a new graving dock at Williamstown
2 Matthews, Editor, Mount Alexander Mail, Castlemaine, 20/8/1875, p.2. According to Matthews, ‘the free trader has to consider the prospects of secular education as well as the interests of free trade. The protectionist is a liberal land reformer as well as a devotee of native industries. • And if they are separated on the subject of the tariff, they are drawn to each other on other equally important topics’.
3 Garden Victoria, p. 147. The division between the two groups widened over the rest of the decade. After the Conservatives lost popular support, they retreated to the Upper House for an alignment with the squatting interests to resist the liberal-democratic movement.
TABLE 3.1

General Revenue and Expenditure in the Colony of Victoria 1875-1879.

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue (£’000)</th>
<th>General Expenditure (£’000)</th>
<th>Deficit (-) or Surplus (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875</td>
<td>4 236</td>
<td>4 318</td>
<td>-82</td>
</tr>
<tr>
<td>1876</td>
<td>4 325</td>
<td>4 573</td>
<td>-248</td>
</tr>
<tr>
<td>1877</td>
<td>4 724</td>
<td>4 358</td>
<td>+366</td>
</tr>
<tr>
<td>1878</td>
<td>4 504</td>
<td>4 634</td>
<td>-130</td>
</tr>
<tr>
<td>1879</td>
<td>4 622</td>
<td>4 833</td>
<td>-211</td>
</tr>
</tbody>
</table>

Source: Henry Heylyn Hayter, *Victorian Year Book for 1884-1885*, No.1 Statistical Summary of Victoria from 1836 to 1884, Government Printer, Melbourne, 1885.
TABLE 3.2

Revenue from the Sale of Crown Lands and Expenditure on Railways in the Colony of Victoria 1875-1879

<table>
<thead>
<tr>
<th>Year</th>
<th>Land Sales Revenue</th>
<th>Railways Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875</td>
<td>£630 054</td>
<td>£984 624</td>
</tr>
<tr>
<td>1876</td>
<td>£584 913</td>
<td>£1 481 800</td>
</tr>
<tr>
<td>1877</td>
<td>£375 494</td>
<td>£1 019 201</td>
</tr>
<tr>
<td>1878</td>
<td>£375 535</td>
<td>£935 666</td>
</tr>
<tr>
<td>1879</td>
<td>£384 432</td>
<td>£1 061 694</td>
</tr>
</tbody>
</table>

Castlemaine was represented in the Kerferd Coalition government by two Liberal protectionists. Walker was in the Ministry while Farrell sat on the Ministry back bench. Patterson, a Conservative who supported moderate protection, joined the Opposition.

The 1875 budget proposed the removal of the tariff on goods not yet manufactured in Victoria. Kerferd and Service anticipated that this measure would ease the burden of the tariff on workers. Although the budget had been in deficit for two years (Table 2.3), it was anticipated that any short fall in revenue would be generated by a tax on stamps, land, houses, bank notes, beer and spirits. Matthews remarked that Service was attempting to steer a neutral course between the free-traders and the protectionists.

The budget was received more favourably by the public than by the Legislative Assembly, the latter objecting to the liquor tax. Opposition to the tax also came from liquor interests, the Age and protectionists led by Berry, the radical politician. Kerferd resigned in August 1875 after failing to win the support of free-traders within his government. McCulloch anticipated he would be asked

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4 MAM, 6/511875, p.2. Matthews, Editor of the MAM, remarked that the ‘radical rump’ of the old Duffy Ministry, led by Berry and committed to raising the tariff, was now eclipsed by a Ministry intent on the introduction of a land tax. Kerferd also supported progressive land laws.

5 MAM, 615/1875, p.2; 27/5/1875, p.3.

6 MAM, 27/511875, p.3

7 MAM, 12/2/1875, p.2. The MAM indicated the anomalies of the tariff. Quoting an article from the Albury Border Post, the MAM reported that after a Castlemaine man was drowned at Wodonga the previous week, an undertaker from Albury was only allowed over the border after he had paid duty on a coffin. The Border Post remarked ‘we must conclude that the protectionists of Victoria are so rabid they would even extract duty on a corpse. It is high time that free trade across the border should be re-set’.

8 Garden, Victoria, p 147.

9 Turner, A History of the Colony of Victoria, p.175. Sayers, David Syrme, pp. 111-12. Kerferd ignored Syme’s warning that struggling industries should be protected. Syme then directed the support of the Age to Berry and McCulloch.

10 Turner, A History of the Colony of Victoria, pp. 175-76. After a vote was taken on the budget, the majority of the Government was reduced to one. As Kerferd believed he had public support for his budget proposals, he appealed to the acting Governor, Sir William Stawell, for a dissolution. When this was refused Kerferd submitted his resignation.
by the Governor, Sir William Stawell, to form a Ministry. Instead, Berry received the commission.\textsuperscript{12}

Berry’s solution to the revenue deficit was a land tax much higher than that proposed by Service. Berry then attempted to win the support of McCulloch’s moderate faction by the offer of several Cabinet posts.\textsuperscript{13} Patterson was given the portfolio of Minister of Public Works which led to a charge of inconsistency by his constituency.\textsuperscript{14} Patterson pointed out that Service, another free-trader, was pledged to the tariff while he, himself, opposed protection.\textsuperscript{15} Support for Berry’s land tax was used by Patterson as his rationale for joining the Ministry.\textsuperscript{16}

Kerferd and McCulloch conspired in the downfall of the Berry Ministry which, in the main, was strongly protectionist.\textsuperscript{17} Farrell, a supporter of the land tax, criticised McCulloch’s motion of no confidence in Berry. Farrell, after declaring that Berry should be given a fair trial on the basis that he had been elected by the people, gave an undertaking to work towards a revision of the tariff.\textsuperscript{18}

The land tax had the full support of the majority of the Castlemaine electorate on the basis that it was a ‘just tax’.\textsuperscript{19} According to Matthews, the political battle was between the ‘under-taxed rich against the over-taxed middle and poorer classes’.\textsuperscript{20}

\begin{itemize}
  \item \textsuperscript{12} Sayers, David Syme, p. 112. Syme wrote of his pleasure that ‘protection was no longer in danger from extinguishers’.
  \item \textsuperscript{13} Bartlett, pp.211-13 in ADB, Vol. 3, p.153. It was believed that a high land tax would not only allow a more equitable distribution of taxes but also break up large pastoral freeholds. This, in turn, would provoke a conflict with the Legislative Council and, if sufficient public opinion was aroused, Constitutional reform might be accomplished.
  \item \textsuperscript{14} Turner, A History of the Colony of Victoria, p. 183. Turner describes Patterson as ‘the rather boisterous free trader’.
  \item \textsuperscript{15} Patterson’s stance on the tariff appears to have been ambivalent.
  \item \textsuperscript{16} MAM, 20/8/1875, p.2
  \item \textsuperscript{17} Sayers, David Syme, p.112.
  \item \textsuperscript{18} MAM 23/9/1875, p.2.
  \item \textsuperscript{19} MAM 2/10/1875, p.2; 7/10/1875, p.2.
  \item \textsuperscript{20} MAM 10/11/1875, p.2
\end{itemize}
Berry’s probable defeat was known days before it happened and public meetings around Victoria demanded that the issue should be decided at an election. A public meeting was held in Castlemaine to censure Walker’s support of McCulloch during the land tax debate. Mitchell, a former Mayor, stated that he was ‘neither a free—trader or (sic) a protectionist but simply an elector desirous of seeing the business of the country carry on’. Matthews remarked that Mitchell’s comments reflected statements made by both free—traders and protectionists at meetings held elsewhere.莓

Walker considered that he was ‘the best judge of what was good for his constituents. . .they’ had no right to influence his vote in Parliament’. Matthews remarked that Walker was the agent of the people who sent him to Parliament to carry out their views and consult their interests. Commenting on Walker’s statement that he had no intention of retiring from politics, Matthews remarked that he would not stand any chance of being returned to the Castlemaine constituency. According to Matthews, Castlemaine would choose a representative who was more in accord with Liberal party philosophy.

The land tax proposal was defeated after a debate lasting four weeks. Berry, Premier for only two months, sought a dissolution from the Acting Governor, Sir William Stawell. This was refused by the Governor and on 20 October 1875

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21 Sayers, David Syme, p. 113.
22 MAM, 2319/1875, p.2; 24/9/1875, p.2. Matthews commented that the mass meetings around the colony were expressions of a ‘disinterested public opinion’ and attended by both free-traders and protectionists alike.
23 MAM, 210/1875, p. 2.
24 MAM 2/10/1875, p.2; 16/10/1875, p.2. Matthews had been asked to stand for Castlemaine after losing his seat in the electorate of Crowlands. Matthews commented that ‘Walker came from a relatively obscure electorate and was received with an indulgence and generosity that he should not have forgotten so soon’.
25 Turner, A History of the Colony of Victoria, p. 184. McCulloch objected to Berry’s high land tax on the grounds that it singled out one class of investor whose land, in some instances, would not be capable of supporting a tax.
26 MAM, 14/10/1875, p.2. Matthews claimed that Castlemaine householders would have to pay an income tax and a house tax and ‘any other kind of tax McCulloch is disposed to impose on them. The miners will have to contribute directly to the revenue if Sir William Stawell has his way. That gentleman has the same feelings to the working miners as he had when he drove them to take up arms in defence of their rights years ago in Ballarat. Sir George Bowen’s return will be welcome’.
McCulloch was commissioned to form a Ministry.\(^{28}\) Contrary to the expectations of his electorate, Walker failed to win a Cabinet position in the McCulloch Ministry.\(^{29}\)

Within a few weeks McCulloch announced that the budget deficit would be solved by the introduction of an income tax.\(^{30}\) Service objected to the tax on the grounds, ultimately proven correct (Table 3.1), that there would be no budget deficit in the forthcoming financial year.\(^{31}\) Using ‘stonewalling’ debate tactics, Berry set out to obstruct the budget. McCulloch retaliated by the use of the ‘iron hand’ or ‘gag’ to prevent debate.\(^{32}\)

Matthews believed that an income tax would receive the support of the Castlemaine electorate because of its visibility. He went on to say that the invisible costs of the tariff were placing an economic burden, not only on Castlemaine, but also on Service’s own electorate of Maldon.\(^{33}\) Within a short time the blockage of Supply began to affect Castlemaine’s economy and Matthews quickly withdrew his earlier support of Berry.\(^{34}\) Public meetings were held in various centres objecting to Berry’s obstructive policy.\(^{35}\) No evidence has been found of similar meetings in Castlemaine.\(^{36}\)

\(^{28}\) Turner, A History of the Colony of Victoria, pp. 184-85. McCulloch joined forces with the late Kerferd Ministry which, earlier, he and Berry had overthrown.

\(^{29}\) MAM, 21/10/1875, p.2.

\(^{30}\) Sayers, David Syrme, p. 13. Syme of the Age described the income tax as ‘vexatious, costly and inquisitorial’. Syme believed that a land tax was the correct method of meeting the deficit.

\(^{31}\) Turner, A History of the Colony of Victoria, p. 191.


\(^{33}\) MAM, 25/311876, p. 29/2/1876, p.2. Matthews commented that Francis and Berry I originally stated that the tariff would provide work for miners. This had not happened in the Castlemaine region. Matthews expressed his concern that Berry would, raise the level of the tariff if he came to power.

\(^{34}\) MAM, 10/1/1876, p.2; 31/1/1876, p.2. Work had stopped on the Coliban system and some workers were notified that they would not be required after the end of January.

\(^{35}\) MAM 25/1/1876, p.2

\(^{36}\) MAM 27/1/1876, p.12. A mock Parliament was conducted in the gold-mining town of Maryborough where a resolution of ‘members’, on a vote of fifteen to one, determined that the conduct of Berry’s party was unconstitutional.
Berry’s tactics in blocking Supply affected the payment of those providing government services. Matthews commented that local contractors were disadvantaged by Treasury’s inability to pay accounts.\(^{37}\) Work ceased on the Coliban scheme and workers were notified early in January that they would not be required after the end of the month.\(^{38}\) Many miners were forced to seek work in Bendigo, Gippsland and New South Wales after the water supply from Coliban was stopped.\(^{39}\)

Two local politicians were called to account for their actions over the previous few months. Walker was invited to explain the reasons for his remark ‘…that too much attention was paid by representatives to their constituencies’. A motion of no confidence in Walker was carried by two to one at a large meeting held in Castlemaine.\(^{40}\)

Patterson was censured for his support of Berry’s ‘stone wall’ tactics. Matthews believed Patterson ‘should retrieve himself and regain his waning popularity in this district…by washing his hands of the Berry faction’.\(^{41}\) Patterson, in an address to the National Reform and Protection League,\(^{42}\) stated that he remained faithful to his party even though he had not spoken against Berry.\(^{43}\) Matthews indicated the ambiguity of Patterson’s political stance,\(^{44}\) calling him the ‘twin’ Patterson.\(^{45}\)

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\(^{37}\) MAM, 22/1/1876, p.2.
\(^{38}\) MAM., 10/1/1876, p.2.
\(^{39}\) MAM, 13/1/1876, p. 14/1/1876, p.3. Fifty men and boys were thrown out of work at Golden Point and Chewton. When Patterson drew the attention of the Minister of Mines to the plight of the miners, he was informed that the water stoppage was due to a lack of funds to pay for repair work on the channel between Malmsbury and Castlemaine.
\(^{40}\) MAM, 1/2/1876, p.2. The large meeting was characterised by ‘very disorderly’ proceedings.
\(^{41}\) MAM, 5/2/1876, p.2.
\(^{42}\) P Loveday and A.W. Martin, ‘Colonial Politics Before 1890, New South Wales and Victoria’, pp.5-43 in P. Loveday, A.W. Martin, and R.S. Parker, (eds.), The Emergence of the Australian Party System, Hale and Iremonger, Sydney, 1977, p.29. Formed by Berry, the National Reform League was originally established in Ballarat in 1875 to promote protection and constitutional reform.
\(^{43}\) Argus, Melbourne, 11/2/1876, p.6. It is assumed that Patterson is referring to the Conservative party.
\(^{44}\) Deakin, (La Nauze and Crawford, eds.), The Crisis in Victorian Politics, 1879-1881, p.15. Deakin described Patterson as ‘full of cunning, adaptability and energy, (he), had been a Free Trader with Conservative leanings, but having decided that the people were upon the other side, was preparing to prove his loyalty to his new flag by any action or speech that might seem necessary’.
\(^{45}\) MAM, 26/2/1876, p.2. Matthews claimed ‘Patterson ‘One’ is a liberal, consistent, man, with sound views on questions of political • economy and attached to the principles of constitutional government. Patterson ‘Two’ is a bigoted protectionist, afflicted with an undue desire for office and ready to unite with any politician in the formation of an administration’.
McCulloch withdrew many of his controversial tax proposals and the budget was passed in March 1876. Also passed was a Bill re-defining the electoral boundaries for the Legislative Assembly. The new Bill was unpopular with Castlemaine as the electorate stood to lose one Member. A resolution objecting to the Bill, passed at a public meeting in Castlemaine, was sent to McCulloch. The resolution indicated that ‘Castlemaine’s population, and its important mineral, agricultural, manufacturing, and commercial interests entitle it to three members in the Assembly’.  

Walker’s decision to absent himself from voting on the Electoral Amendment Bill provoked the comment that ‘Walker and the electorate of Castlemaine are evidently parted forever’. Walker severed his political connections with Castlemaine in January 1877.  

A forthcoming election in May 1877 saw the emergence of the pro-protectionist National Reform and Protection League. The League pursued a vigorous campaign around the colony on behalf of Berry and fellow protectionist candidates. A large audience in Castlemaine was addressed by Berry and Walker on the benefits of the tariff.  

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46 Turner, A History, pp. 188-89. MAM, 22/9/1876, p.2. The revision of the Electoral Act was aimed at addressing the anomalies of representation in the Legislative Assembly arising from the demographic changes occurring in Victoria after the original definition of electoral boundaries. MAM, 20/9/1876, p.2. Castlemaine’s declining population failed to provide the required minimum of 6,000 voters.  
47 MAM, 20/9/1876, p.2. The resolution pointed out that Castlemaine’s loss of population was ‘not the want of gold but the want of money, other the prosperity of Castlemaine would be as great as any other place in the Colony’  
48 MAM, 28/9/1876, p.2  
49 MAM, 24/1/1877, p.3.  
50 50 MAM, 31/10/1876, p.2. Matthews was critical of Berry’s support of a high tariff. He remarked that the ‘poor and moderately well off’ should not bear the burden of indirect taxes. Instead, the owners of large tracts of land should be taxed.
resolution was passed in support of the tariff, with one dissenting vote cast by the Chairman, Hannibal Rowe.\textsuperscript{51}

Known as the ‘1 King of Fryerstown’,\textsuperscript{52} Rowe had just been appointed President of the Castlemaine Free Trade League.\textsuperscript{53} The Chairman, Burnett, informed the initial meeting of the local League that the movement would be successful because large numbers had seen the fallacy of protection and changed their views…miners had found they were paying through the nose for everything they used’.\textsuperscript{54}

Only three reports of the meetings of the Castlemaine organisation have been found in the Argus and the \textit{Mount Alexander Mail}.\textsuperscript{55} Within a few months Matthews commented that the free trade cause was defeated.\textsuperscript{56}

Protection became the most important single issue in the election of May 1877. Victorians now recognised the relationship between the 1871 tariff and the expansion of the most heavily protected industries, clothing, footwear, metal manufacturing and coaches.\textsuperscript{57} Support for Berry came from the Age and the powerful National Reform and Protection League.\textsuperscript{58} McCulloch and members of his party were supported by the Free Trade League.\textsuperscript{59}

\begin{footnotesize}
\begin{enumerate}
\item[51] Age, Melbourne, 28/10/1876, p.4. Commenting on Rowe’s action, the Age claimed that Rowe ‘...on more than one occasion had shown (himself) to be lamentably ignorant of the duties that pertain to the position of chairman of a public meeting’.
\item[52] Lesley J. Morton, (ed), The Rowe Family of Castlemaine, Castlemaine Mail, Castlemaine, 1991, pp.6-15. Hannibal Orchard Rowe (1833-98), in conjunction with his brothers Charles and William, owned the Duke of Cornwall mine and the Cattle’s Reef claim, both at Fryerstown. Hannibal Rowe had been a member of the Castlemaine Mining Board since 10/3/1863.
\item[53] MAM, 19/10/1876, p.2.
\item[55] Argus, 29/9/ 1876, p5; Argus, 14/10/ 1876, p. MAM, 19/10/ 1876, p.2. Speakers were Professor Heam of Melbourne, MacDermtort, ‘MLC, Langton MLA, Murray Smith MLA, Cohn Campbell, and a Mr. Serjeant. Castlemaine businessmen were Rowe (President), Burnett (Vice President), Brandt (Treasurer), Committee: McGregor, Campbell, Cunnack, Pritchard, Christopherson, Tather, Adams.
\item[56] MAM, 16/5/1877, p.2.
\item[57] Sinclair, The Process of Economic Development in Australia, pp.93-94. Sinclair points out that railway and infrastructure projects also made a considerable contribution to Victoria’s economic expansion in the 1870s.
\item[58] Tumer, A History of the Colony of Victoria, p. 191.
\item[59] Garden, Victoria, p.148.
\end{enumerate}
\end{footnotesize}
In his election speech McCulloch pointed out that the current budget surplus (Table 3.1) negated any need for a further increase in the level of the tariff. Matthews commented that McCulloch’s policy should ‘appeal to all moderate thinking men’. Matthews disapproved of Berry’s objective of a high tariff which the latter claimed was necessary for protective purposes as well as for the provision of revenue.

The Castlemaine constituency, now reduced to two parliamentary representatives, was contested by Patterson, Farrell and four other candidates. The sitting members, Farrell and Patterson were returned and Berry won the 1877 election with an overwhelming majority. Service and other moderate Members refused to join Berry’s new Ministry. Patterson, the former free—trader and Conservative, was appointed Minister of Public Works to a Ministry presided over by a radical Liberal protectionist.

Matthews remarked that the free traders of Castlemaine had been defeated, adding I may console themselves with the reflection that all great truths are, at first, in a minority’. Matthews questioned the benefits gained by Castlemaine from ten years of tariff protection. The population had fallen while the value of shops and houses

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60 MAM, 27/4/1877, p.2.
61 MAM, 13/2/1877, p. 9/3/1877, p.2. Matthews also believed that Berry’s anti-immigration policy would fail to stimulate the economy through the supply and demand for labour.
62 MAM, 26/3/1877, pp.2-3. Patterson’s election speech was somewhat equivocal - ‘I do not regard the issue now before the country as one of either protection or free trade. The bulk of the people cb not wish to disband the existing industries. Protection is now the law, so respect the law until public opinion unmistakably converts the minority to the majority’.
63 MAM, 9/4/1877, p.2. Farrell stated ‘I am convinced that the tariff has been of great benefit to working people. . . if we were to return to free trade, 30 000 people would be out of work. Under the existing tariff, most articles of general consumption are cheaper than under free trade. Now 2 246 factories are employing 29 802 people and money invested (in the factories) is over £7m. The fairest way to raise revenue is to tax large estates’.
64 MAM, 30/4/1877, p.2; 3/5/1877, p.2; 4/5/1877, p.2. The new candidates were Chapman, Duigan, Greenhill, and McDonald. All stated they were in favour of moderate protection.
65 MAM, 12/5/1877, p.2. Patterson 1 387, Farrell 966, Chapman 944, Duigan 844, Greenhill 284, McDonald 111.
67 MAM 21/5/1877, p.2.
68 MAM, 12/5/1877, p.2
had fallen to the extent they were a burden on owners. Furthermore, trade and commerce were at their ‘narrowest limits’ with no prospect of change.\(^{69}\)

Few changes were made to the 1877-1878 tariff (Table 3.3) because of the existence of a budget surplus (Table 3.1). The major thrust of the tariff revision was the conversion of the ad valorem duties to specific rates for reasons of convenience. It was also anticipated that the new tariff would foster inter—colonial trade.\(^{70}\) The new tariff pleased merchants more than militants. Berry had realised that mercantile support was necessary in his forthcoming battle with the Legislative Council over the introduction of a land tax.\(^{71}\)

Berry, backed by Syme, was committed to breaking the power of the Legislative Council. A land tax, with the express purpose of breaking up large pastoral estates, was selected as the first line of attack. The land tax was severely criticised by Fitzgerald, Castlemaine’s representative in the Upper House.\(^{72}\) Matthews remarked that Fitzgerald’s comments would not be supported by the majority of the Castlemaine electorate.\(^{73}\) After initial hostility the, Legislative Council passed the Land Tax Bill. This was followed by the introduction of a stock tax aimed at Victorian squatters who held large estates in New South Wales from which they replenished stock for their Victorian properties.\(^{74}\)

Berry, with the backing of Syme,\(^{75}\) proposed to challenge the power of the Legislative Council once more.\(^{76}\) This

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\(^{69}\) MAM., 8/5/1877, p.2.
\(^{70}\) MAM, 18/8/1877, p.2.
\(^{72}\) MAM, 28/9/1877, p.3.
\(^{73}\) MAM, 29/9/1877, p.2.
\(^{74}\) Sayers, David Syme, p.124.
\(^{75}\) Sayers, David Syme, pp. 124-25. Berry initially wanted to separate the two Bills but Syme made it plain that he would withdraw his support if Berry failed to submit a ‘tacked’ Bill.
\(^{76}\) 76 Geoffrey Serle, The Rush to be Rich: A History of the Colony of Victoria 1883-1889, Melbourne University Press, Melbourne, 1974, p. 7; Sayers, David Syme, pp. 108-09. Serle attributes the difficulties of successive Ministries in pushing legislation through the Legislative Council to a ‘grotesque’ Victorian Constitution which not only nullified the democratic potential, but also reduced the parliamentary process to futility. The Victorian Constitution Act made no provision for resolving deadlocks between the two Houses. Although the British House of Lords also had the power to reject Appropriation and Supply Bills, it exercised its right sparingly. In the 1860s and 1870s, Imperial authorities urged the Legislative Council to consider the desirability of following English practice.
**TABLE 3.3**

*Selected Items from the Victorian Tariffs of 1875, 1877/1878, and 1879*

<table>
<thead>
<tr>
<th>Item</th>
<th>1875</th>
<th>1877/1878</th>
<th>1879</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonial beer</td>
<td>9d. per gallon</td>
<td>Nil</td>
<td>2d. per gallon</td>
</tr>
<tr>
<td>Colonial spirits</td>
<td>Nil</td>
<td>6/- to 8/- per gallon</td>
<td>6/- to 8/- per gallon</td>
</tr>
<tr>
<td>Hops</td>
<td>3d. per lb.</td>
<td>3d. per lb.</td>
<td>6d. per lb.</td>
</tr>
<tr>
<td>Malt</td>
<td>2/- per bushel</td>
<td>2/- per bushel</td>
<td>3/- per bushel</td>
</tr>
<tr>
<td>Glass</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Leather</td>
<td>10%</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Metal manufacture</td>
<td>20%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Woollen cloth</td>
<td>7.5%</td>
<td>7.5%</td>
<td>15%</td>
</tr>
<tr>
<td>Blankets</td>
<td>10%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Silk</td>
<td>10%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Fuse, gun-cotton and explosives</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Candles</td>
<td>2d. per lb.</td>
<td>2d. per lb.</td>
<td>2d. per lb.</td>
</tr>
<tr>
<td>Soap</td>
<td>2d. per lb.</td>
<td>2d. per lb.</td>
<td>4d. per lb.</td>
</tr>
<tr>
<td>Green fruit</td>
<td>9d. per bushel</td>
<td>9d. per bushel</td>
<td>9d. per bushel</td>
</tr>
<tr>
<td>Wrought stone</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Slates</td>
<td>Free</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>Textile Machinery</td>
<td>Free</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>Cattle</td>
<td>6d. to 1/-</td>
<td>5/-</td>
<td>5/-</td>
</tr>
<tr>
<td>Horses</td>
<td>6d.</td>
<td>5/-</td>
<td>5/-</td>
</tr>
<tr>
<td>Sheep</td>
<td>1d.</td>
<td>9d.</td>
<td>9d.</td>
</tr>
<tr>
<td>Pigs</td>
<td>1d.</td>
<td>2/-</td>
<td>2/-</td>
</tr>
</tbody>
</table>

*Items applicable to Castlemaine.
would be done by the ‘tacking’ of the Payment of Members Bill on to the Appropriation Bill. Garden believes that the Council’s subsequent refusal to pass the ‘tacked’ Bill was a way of expressing its revenge for the land tax.

Berry responded by dismissing many of the Colony’s senior civil servants, most of whom came from the Conservative ‘establishment’. Berry justified his actions by the need to conserve funds and carry out promised retrenchments in the civil service. It was later admitted by Berry that he acted in revenge against Legislative Council Members through their friends and relatives.

The Governor, Sir George Bowen, became involved in the dispute after he sanctioned the inclusion of the Payment of Members Bill with the Appropriation Bill. Bowen sought the urgent advice of the British Secretary of State who instructed him to accept the decision of his Minister. Bowen’s decision, together with his acceptance of the dismissal of senior civil servants, incurred the hostility of the Legislative Council.

Matthews disapproved of the Council’s actions but had little sympathy for the highly-paid civil servants. However, he questioned the Government’s wisdom in dismissing such a large number of civil servants, asking ‘does the end justify the means’?

Berry’s tactics provoked an hysterical atmosphere in which ‘sensible men spoke seriously of the possibility of civil war’ while uncertainty led to a paralysis of the economy.

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77 Wright, A People’s Counsel, p.84. The Payment of Members Bill was introduced in 1871. In 1874 it was extended to the year 1877. Berry now desired a third extension.
78 Garden, Victoria, p. 149.
79 Bartlett, pp. 151-56 in ADB, Vol. 6, p. 153. Service coined the phrase ‘Black Wednesday’ to describe the day, 8 January 1878, on which Berry dismissed senior civil servants.
80 Garden, Victoria, p. 150.
81 MAM., 10/1/1878, p.2
82 MAM., 10/1/1878, p. 4/4/1878, p.2. Matthews doubted that ‘such a sweeping and revolutionary act (was) defensible on any grounds of public policy’. A few months later, Matthews conceded that the ‘shake-up’ had made the civil service more economical.
Property values depreciated and mortgages were called up and depositors either hoarded their money or transferred it to banks in New South Wales. Some members of the Legislative Council were alarmed over rumours that the government proposed to issue bank notes. Such an action would render illegal the bank notes issued by the private banks. Fears of social breakdown arose from rumours that failure of supply would result in the dismissal of prison warders, police, and attendants in psychiatric asylums. Sayers comments that Patterson was perceived as one of the more reckless Ministers capable of participating in the dismissal of the forces of law and order.

A meeting, attended by twelve hundred people and addressed by Farrell and Patterson, was held in Castlemaine to discuss the crisis. The Mount Alexander Mail comments that the meeting was ‘one—sided’ as no member of the Opposition party addressed the meeting. Farrell informed the meeting that the land tax lay behind the actions of the Legislative Council’s refusal to pass the ‘tacked’ Bill. According to Farrell, ‘it was no secret that the Council are resolved on the ruin of the Ministry’. Patterson believed the Council’s action ‘struck at the root of one of the most dearly-prized rights of Britons - the right to control their own finances’. A resolution, with six dissensions, was passed to the effect that ‘The meeting regarded the rejection of the Appropriation Bill as unconstitutional and revolutionary. . . and heartily approved of the Ministry’s action in reducing public expenditure to enable them to carry on the business of the country’. The Argus commented that the resolution ‘is to be expected in the Ministerial stronghold of Castlemaine’.

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84 Savers, The Rush to be Rich, pp. 127-28. The other Ministers were Lalor, Woods, and Longmore.
85 MAM, 15/1/1878, p.2. This was the first public meeting on the crisis called in any important town in the colony.
86 MAM., 15/1/1878, p.2; 31/1/1878, p.2. A poorly attended meeting was also held in the Conservative electorate of Maldon and addressed by Service, its Parliamentary representative. Matthews praised the impartiality of Service’s speech. Service was unhappy over the indiscriminate dismissal of civil servants and believed a solution to the crisis could be reached by a separation of the two Bills.
87 Argus, 15/1/1878, p.5.
Berry then proposed that all grants of supply should become legally available immediately they were passed by the Legislative Assembly. Syme warned Berry that the support of the Age would be withdrawn if expenditure was passed only on the vote of the Legislative Assembly.88

Berry asked the Governor to sign the warrants authorising expenditure after the passage of the Bill through the Assembly. Bowen, again placed in an invidious position, signed the warrants after receiving conflicting advice from the Attorney General and the Chief Justice. Bowen’s approval of the warrants allowed the Government to use funds from consolidated revenue.89

Several factors provided a climate for compromise by both Houses by the end of March. These included the financial disruption of the colony, the anger of public opinion against the Legislative Council, and Syme’s threat to withdraw his support of Berry. Many of the dismissed civil servants90 were reinstated following the separation of the Appropriation Bill from the Payment of Members Bill.91

The passage of the two Bills was followed by the unexpected resignation of Farrell.92 A group of Castlemaine Liberals invited Professor Charles Pearson,93 a distinguished academic who also wrote for the Age, to

88 Sayers, David Syme p.127.
89 Garden, Victoria, p.150.
90 Argus, 14/6/1878, 17/6/1878. One of Castlemaine’s senior civil servants found that he was penalised for his marriage into the ‘establishment’. George McDonald, the District Surveyor, was the son-in-law of Sir William Mitchell, President of the Legislative Council. Unlike other civil servants who were later reinstated, McDonald was never re-employed by the Lands Department.
91 Garden, Victoria, p. 150.
92 John Tregenza, Professor of Democracy: The Life of Charles Henry Pearson 1830-1894, Melbourne University Press, Melbourne, 1968, pp. 137-38. It was rumoured that Farrell aspired to a well-paid civil service position as a ‘timely reward for a long course of service in the liberal interest’. Within six months, Farrell was given the post of Parliamentary Librarian at a salary of £900 p annum, twice his former salary as a member of the Legislative Assembly.
93 MAM, 23/5/1878, p.2. In his election speech, Pearson stated that he would support liberal policy, and attend to local needs. Tregenza, Professor Democracy, , pp.96-7. Pearson was committed to the use of the land tax as a means of raising revenue.
stand in the by—election.\textsuperscript{94} Pearson (Figure 6), who was opposed by W. Gaunson and Chapman,\textsuperscript{95} won the by—election with a comfortable majority.\textsuperscript{96}

Following the failure of a joint conference to resolve future disagreements between the two Houses, Berry decided to ask the British Government to pass legislation for the reform of the Legislative Council. Berry set off for England in December 1878 with an ‘Embassy’ of three which included Pearson. Castlemaine regarded Berry’s choice of Pearson as a great compliment to the electorate.\textsuperscript{97} Berry’s quest for constitutional reform proved a failure. The long history of political turmoil in Victoria failed to convince the British Government\textsuperscript{98} of any need to reduce the power of the Legislative Council.\textsuperscript{99}

Berry returned in June 1879 to an economic depression. His opponents blamed the depression, known as the ‘Berry Blight’, on the after effects of ‘Black Wednesday’. Civil service retrenchments had initially triggered the depression while a drought in the Summer of 1878-1879 served to extend it.

The Opposition, now led by Service, had formed effective electoral associations during Berry’s absence.\textsuperscript{100} On the other hand, Berry’s popularity had waned within his Party. The notion of the ‘Embassy’ had not pleased all Liberals and the need to fund a budget deficit by he use of a

\textsuperscript{94} Tregenza, Professor of Democracy, pp. 137; 227. Pearson’s elaboration of the concept of the welfare state indicates his Utilitarian principles. On 22/5/1878, 26 electors gathered at the Cumberland Hotel at the invitation of Farrell, to select a suitable candidate.
\textsuperscript{95} MAM, 5/6/1878, p.2. Gaunson (President of the Australian Natives’ Association) and his brother, David, achieved notoriety as organisers of a campaign to prevent the execution of Ned Kelly. Chapman ‘was a Castlemaine resident. Gaunson and Chapman both stated that they would support the Berry Ministry.
\textsuperscript{96} MAM, 10/6/1878, p.2. Election results were as follows: Pearson 1 160, Chapman 910, Gaunson 182.
\textsuperscript{97} MAM, 24/11/1878, p.2.
\textsuperscript{98} SM. Ingham, ‘Political Parties in the Victorian Legislative Assembly 1880-1900’ in Historical Studies, Vol. 4, 1950, p.242. Sir Charles Dilke, a British politician, author, and recognised authority on world affairs, believed the Victorian Legislative Council to be a conservative bastion without parallel in the Empire.
\textsuperscript{99} Garden, Victoria, p. 151.
Figure 6. Charles Pearson, MLA for the Castlemaine Electorate 1878-1883. c.1885.

higher tariff provoked a revolt of politicians representing mining and agricultural electorates.\textsuperscript{101}

Castlemaine Conservatives met in December 1879 to discuss means of defeating the Berry government. A unanimous decision was taken to choose two political candidates to represent the Conservative interest at the next election. Those present agreed that difficulties would be encountered in unseating Patterson. The comment that ‘Patterson’s lack of interest in mining had depopulated Castlemaine’ suggests that Patterson had, by this time, severed his connection with the Conservative faction.\textsuperscript{102} A Mount Alexander Mail correspondent remarked that the new Conservative party was composed of the ‘would—be aristocracy of Castlemaine’.\textsuperscript{103}

**THE CASTLEMAINE ECONOMY**

In 1876 the Argus remarked on the dramatic fall of the ‘Great Centre’s’ economic pre—eminence over the past ten years.\textsuperscript{104} The Castlemaine Borough Council believed that an injection of government funds would boost the town’s sluggish economy. Several fruitless attempts were made by the Council to interest the government in establishing railway workshops in Castlemaine.\textsuperscript{105}

Reviewing the later years of the 1870s, Matthews attributed the sluggish local economy to insufficient water for alluvial mining, the drought of 1878-1879 and the consequences of the ‘Berry Blight’.\textsuperscript{106} Coghlan’s study indicates that slow economic growth was not confined to Castlemaine but also to most of Victoria. Unemployment remained a feature of the Victorian economy from the

\textsuperscript{102} MAM, 18/12/1879, p. 24/1211879, p.2. Those present were Aaron, Pritchard, Christopherson, Smythe, Cramer, Smith, and Purches.
\textsuperscript{103} Letter from ‘A Loyal Liberal’ in MAM 30/12/1879, p.2
\textsuperscript{104} Argus, 9/2/1876, p.7. The Argus remarked that Castlemaine’s decline reflected the fact that mining in the immediate vicinity had ‘almost ceased’.
\textsuperscript{105} MAM 21/8/1875, p.2; 20/7/1877, p.2.
\textsuperscript{106} MAM 10/2/1876, p.2 12/11/1877, p.2; 8/6/1878, p.2; 17/9/1878, p.2; 1/3/1879, p.2; 6/10/1879, p.2.
middle of the 1870s to the beginning of the 1880s. After examining the findings of the Government-instigated Unemployment Labour Board, Siriwardana found that unemployment was more severe in Melbourne than in rural districts.

Local tradesmen who conducted business with the Government had been forced to reduce staff as a result of ‘Black Wednesday’. The Mayor of Castlemaine was subsequently called upon to hold a public meeting for the expression of public concern over the effect of the dismissals on the local economy.

Local unemployment created tensions between the Castlemaine Borough Council and businessmen. Over a number of years prisoners from the local gaol had been employed by the Council for road works. Council expenditure on these projects was thereby reduced by over fifty per cent. Concerned that the use of prison labour had reduced the demand for goods, shopkeepers called on Council for the employment of local labour on capital projects. Their request was refused by Council on the grounds of insufficient funds.

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107 TA. Coghlan, Labour and Industry in Australia, Vol. III, (1918 MacMillan of Australia, 1969, pp. 1468-81. Economic activity in Victoria was patchy from 1875-1879. Good harvests occurred in most years, with the exception of the 1878-79 drought. However, there was considerable unemployment in Melbourne, Ballarat, Bendigo, Warrnambool and Castlemaine which led to the establishment of National Labour Bureaux in these cities and towns. Unemployment was high in the clothing, iron and bootmaking trades, with intermittent unemployment in the building industry. Coghlan concluded that an absence of employment opportunities in Victoria led to a substantial migration of labour to New South Wales where higher wages and steady employment were offered.


109 MAM 16/1/1878, p.3.

110 MAM, 1011/1878, p.2; 15/1/1878, p.2. At the subsequent meeting, a resolution was passed which ‘...regarded the rejection of the Appropriation Bill as unconstitutional and revolutionary. ... and heartily approved of the Ministry’s action in reducing public expenditure to enable them to carry on the business of the country’. Only six of the 1 200 Castlemaine citizens who attended the meeting refused to support the resolution.

111 MAM, 1/3/1878, p.2.

112 MAM, 20/3/1878, p.3 ; 12/8/1873 , p.2. Local labourers received 5/6 per. day, while prisoners were paid only 2/2. A report made by the Inspector General of Penal Institutions, Mr. Duncan, had earlier found that the Borough of Castlemaine had received an indirect government subsidy of £2 200 (less £320 for the payment of guards) for work performed by prisoners. According to Matthews, it was a quid pro quo as Castlemaine ‘... was helping to turn rogues into honest men’. It was anticipated that lower rates of recidivism would, in time, reduce the costs of penal establishments.

113 MAM, 20/311878, p.3.
GOLDFMINING

A few years earlier Matthews had attributed Castlemaine’s falling population to the collapse of the mining ‘boom’ of 1871.\(^{114}\) Gold production, from both deep lead mining and alluvial activities, had fallen considerably (Table 3.4) while an erratic supply of Water from the Coliban continued to affect the output of sluicers and puddlers (Appendix 4). A ‘reliable authority’ assured the Mount Alexander Mail of the existence of rich gold deposits yet to be explored in the district. The Mount Alexander Mail believed that, in the absence of exploration, Castlemaine would have to be content with a comparatively small population and the gradual extension of ‘useful’ industries.\(^{115}\)

Matthews attributed the decline of mining to a lack of mechanical appliances and perseverance by mine owners, and went on to make two suggestions. Castlemaine should apply for a portion of the mining subsidy recently offered by the Government.\(^{116}\) Matthews then called for a scientific inquiry into a safer method for the extraction of gold from the pyrites—burning technique.\(^{117}\) Mining entrepreneurs pursued Matthews’ suggestion relating to the mining subsidy and, in 1878, Castlemaine acquired a government-funded diamond drill.

The arrival of this new mining technique provoked great excitement in Castlemaine. Mining interests were confident that the diamond drill, imported from America by the Berry Ministry for the exploration of Victoria’s deep reefs, would lead to a local mining boom. Competition for the drill was keen between goldmining regions but, with Patterson’s help, Castlemaine became the first recipient of the drill.\(^{118}\) Within a few months, he drill proved to...
<table>
<thead>
<tr>
<th>Year</th>
<th>ozs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875</td>
<td>11 499.05</td>
</tr>
<tr>
<td>1876</td>
<td>9 196.55</td>
</tr>
<tr>
<td>1877</td>
<td>7 032.20</td>
</tr>
<tr>
<td>1878</td>
<td>5 065.05</td>
</tr>
<tr>
<td>1879</td>
<td>4 759.35</td>
</tr>
</tbody>
</table>

Source: Compilations by C.E. Willman, Senior Geologist, Minerals Victoria, from Official Mining Department Quarterly and Annual Reports, 1996.
be incapable of penetrating Castlemaine’s reefs.\textsuperscript{119} Local gold production continued to decline throughout the late 1870s (Table 3.4).

**CASTLEMAINE WOOLLEN MILL**

Earlier efforts to establish a mill had failed through the inability of Castlemaine’s commercial leaders to attract sufficient capital.\textsuperscript{120} Two events in the early 1870s encouraged the establishment of the mill. These were the arrival of a water supply and a high tariff on blankets, one of the mill proposed items of manufacture (Table 3.3).

Plans were laid in 1874 to establish a woollen mill subject to the taking up of One thousand shares, each costing £5.\textsuperscript{121} With the assistance of Patterson, a portion of Crown land for a mill site was acquired in Walker Street, Castlemaine.\textsuperscript{122}

Construction of the Castlemaine Woollen Mill in 1876 initially provided a source of employment for local contractors. Shortly after its establishment the mill not only provided employment for males and females, but also became a consumer of local fuel.

Writing from England, a Mr. Newsom indicated that he was prepared to manage the mill and also invest the sum of £3 000 in the enterprise.\textsuperscript{123} Newsom predicted a ‘bright’

\textsuperscript{119} MAM, 15/10/1878, p.2; 13/12/1878, p.2. The drill’s’ manufacturers had assured the Government that the drill could reach 1 000 feet. Reports of the drill’s progress at the Cumberland mine were reported regularly in the MAM. Within two months, the drill lodged at a depth of 420 feet and was never recovered.

\textsuperscript{120} MAM, 13/4/1875, p.2; 16/4/1875, p.2. The feasibility of establishing a mill was again raised in 1875 when the provisional directors sought the advice of Eli Roberts, a former Manager of the Victoria Factory at Yarraville. Roberts advised that a capital sum of £12 000 was needed before operations could commence.

\textsuperscript{121} MAM., 6/11/1874,p.2.

\textsuperscript{122} MAM, 6/5/1875, p.2; 19/8/1875, p.2; 1918/1875, p.2; 219/1875, p.2. The initial site chosen for the mill was next to the Albert Dam in Doveton Street. No reason has been found for the choice of the Walker Street property which was purchased for the sum of £30.

\textsuperscript{123} MAM, 23/5/1876, p.2. Newsom did become Manager of the mill but resigned before the mill opened in 1876. He was replaced by Eli Roberts.
future for the mill. While labour costs were the same in both countries, the cost of wool was less in Australia. Newsom also indicated the economic benefits to be gained from the Victorian tariff.\textsuperscript{124}

Machinery was ordered from England and Bendigo following the raising of sufficient capital and plans were drawn up for the construction of the building.\textsuperscript{125} The successful local tenderer, Jonathon Newton, anticipated the factory would be completed by 6 March 1876.\textsuperscript{126} As the price of coal was too high in Castlemaine, it was planned to use wood to fire the boilers.\textsuperscript{127} Two experienced woollen mill workers were brought out from England to set up the duty—free, imported wool—processing machinery.\textsuperscript{128}

Matthews pointed out the need for English carders and spinners in the absence of local skilled labour.\textsuperscript{129} As Castlemaine was essentially a mining district, the \textit{Mount Alexander Mail} saw no need for local tradesman to exchange their mining skills for those of manufacturing.\textsuperscript{130} A differing view was expressed by the mill’s Secretary, Edward Williams. Williams claimed that the mill, through the provision of employment for a large number of residents, would relieve the ‘large amount of distress which was felt by so many poor families’.\textsuperscript{131}

The mill opened in October 1876 with a workforce of fifty-two. Within a short time, an increase in the sale of flannels and blankets necessitated the employment of further staff.\textsuperscript{132} Continuing demand for the mill’s products

\textsuperscript{124}MAM, 13/7/1875, p.2
\textsuperscript{125}MAM, 13/7/1875, p.2; 16/7/1875, p.2; 23/7/1875, p.2; 11/12/1875, p.2. Capital was raised quite quickly.
\textsuperscript{126}MAM, 14/10/1875, p.2. Eleven tenders were submitted, including two from Melbourne
\textsuperscript{127}MAM, 17/7/1877, p.2; 26/9/1876, p.2. Uncertainties over Castlemaine’s erratic water supply led to a plan for the construction of a dam.
\textsuperscript{128}MAM, 26/5/1876, p.2.
\textsuperscript{129}MAM, 19/5/1875, p.2
\textsuperscript{130}MAM, 17/4/1876, p.2
\textsuperscript{131}MAM, 31/4/1876, p.2. The MAM describes E.D. Williams as ‘...well known among the mercantile community as being one of the most energetic and one who never believes in impossibility’.
\textsuperscript{132}MAM, 8/2/1877, p.2; 10/2/1877, p.2; 1/5/1877, p.2. The workforce now at 75, had insufficient time to ‘pick’ wool. To keep the looms in operation, wool was sent to the Castlemaine gaol to be ‘picked’ by female prisoners who were paid at the same rate as the female mill workers. Wool ‘picking’ had earlier been poorly performed by
throughout 1877 led to the employment of more mill hands.\textsuperscript{133} It was soon found that further machinery was required to cope with the level of orders.\textsuperscript{134}

Matthews had earlier questioned the economic benefits of building a further woollen mill in the Colony. As Victoria imported woollen fabric and clothing to the value of £1m., six mills shared an extremely small protected market.\textsuperscript{135} Matthews believed any future success of the local mill in the inter-colonial trade would be curtailed by the tariff burden on its exports. Free traders claimed that, within a few years, the Victorian woollen mills would manufacture more than Victoria’s narrow market could absorb. The abandonment of protection was therefore deemed advisable in order to secure an export market.\textsuperscript{136}

A Melbourne mill proposed to test the British market with a shipment of tweeds following the 1879 tariff increase on woollen goods. Matthews was pessimistic of the outcome, commenting that woollen manufacturers who had clamoured for tariff increases might find they had defeated their purpose.\textsuperscript{137}

According to Sinclair the tariff’s inflexibility weakened the competitive position of Victorian manufacturers. For most of the 1870s and 1880s, manufacturers were unable to adjust their wage-costs with the falling prices of English goods.\textsuperscript{138}

\begin{flushright}
\textsuperscript{133} MAM, 18/1/1878, p.2. Extra females were engaged instead of paying overtime rates to male employees.
\textsuperscript{134} MAM, 26/7/1876, p.2. A further 1 000 shares were raised to fund a bank overdraft of £703. 13.7, the latter arising from the need to purchase further machinery. 15/10/1877, p.2. Tenders were called in 1877 for the construction of a residence for the mill ‘s Manager.
\textsuperscript{135} MAM, 19/5/1876, p.2.
\textsuperscript{136} MAM, 14/4/1877, p.2
\textsuperscript{137} MAM, 28/11/1879, p.2. The outcome of the export experiment is unknown.
\end{flushright}
Initially the demand for the mill’s flannels and blankets had come from Melbourne wholesalers.\textsuperscript{139} Despite Matthews’ comments over the effect of the tariff, the mill exported flannel to other Australian colonies as well as New Zealand.\textsuperscript{140} It is noted that the ability of the mill to clear its stock of flannels is attributed to the high quality of the product.\textsuperscript{141}

Certain Victorian woollen mills were severely disadvantaged by the economic recession and the loss of business confidence following Berry’s retrenchment of the civil service in 1878.\textsuperscript{142} Initially, the economic depression had little impact on the profits of the local mill\textsuperscript{143} and, when profits fell in the first half ‘of 1879, Williams attributed the phenomenon to the ‘effects of the continuing monetary crisis’ (Table 3.5).\textsuperscript{144}

THOMPSON’S FOUNDRY
There is scant reference to the foundry in the Mount Alexander Mail in the period 1875-79. The foundry is reported to have acquired a ‘good share’ of work by 1876, with ‘many’ workmen employed.\textsuperscript{145} Mining machinery continued to be a staple manufacture of the foundry.\textsuperscript{146}

The expansion of the Victorian railway network provided opportunities for the Thompson brothers. In 1878 the foundry won the tender from the Victorian Railways for the supply of points and crossings for the ensuing eighteen months.\textsuperscript{147}

\textsuperscript{139} MAM., 30/6/1876, p.2; 25/1 1/1876, p.2. Melbourne wholesalers were prepared to pay between 1/6 and 1/8 per yard for flannel as soon as it was manufactured. Directors remained hopeful that the sale of flannels would yield a profit sufficient to meet all current expenses Eventually these profits would gradually clear the mill’s liability.
\textsuperscript{140} MAM, 6/8/1878, p.2.
\textsuperscript{141} MAM, 5/12/1879, p.2.
\textsuperscript{142} MAM., 22/3/1878, p.2. The Warrnambool Woollen Mill was forced to close down in March 1878 because of financial difficulties caused by the ‘Berry Blight’.
\textsuperscript{143} MAM., 4/2/1879, p.2.
\textsuperscript{144} MAM, 4/2/1879, p.2. Williams, now the Managing Director of the Castlemaine mill, had anticipated a fall in profits as a result of the recession which had occurred in the normally slack summer period.
\textsuperscript{145} MAM., 26/5/1876, p.2; 6/10/1876, p.2.
\textsuperscript{146} MAM., 26/5/1876, p.2; 6/10/1876, p.2. Certain items of equipment for the Castlemaine Woollen Mill were made by Thompson’s Foundry.
\textsuperscript{147} MAM, 8/3/1878, p.2.
TABLE 3.5

Six-monthly reports by Directors of
the Castlemaine Woollen Mill
1877-1879

<table>
<thead>
<tr>
<th>Date of Directors’ Meeting</th>
<th>Dividend</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1877</td>
<td>%</td>
<td>£</td>
</tr>
<tr>
<td>August 1877</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>February 1878</td>
<td>Nil</td>
<td>390.15.4</td>
</tr>
<tr>
<td>August 1878</td>
<td>Nil</td>
<td>541.11.5</td>
</tr>
<tr>
<td>February 1879</td>
<td>Nil</td>
<td>895.16.7</td>
</tr>
<tr>
<td>August 1879</td>
<td>Nil</td>
<td>388.11.11</td>
</tr>
</tbody>
</table>

Sinclair points out that protection, and in particular the 1871 tariff, had fostered the expansion of certain industries. The tariff on metal manufactures, twenty per cent in 1871, had risen to twenty-five per cent by 1879 (Table 3.3).

FITZGERALD’S BREWING AND MALTING COMPANY

A further brewery property was acquired in Castlemaine by the Fitzgerald brothers in 1876 for the distilling of whisky. The Mount Alexander Mail comments that if the brewery’s new product proved to be as popular as its beer, the Fitzgerald’s would be ‘amply rewarded for their energy and spirit’. Within two months, the success of the enterprise had been a means of giving employment to a ‘large number of men’.

Colonial whisky, as well as other spirits, had benefited from a substantial excise duty since 1858. An excise duty, aimed at the protection of colonial ale, was introduced in 1879 and the tariff was raised on the ingredients used in the production of ale (Table 3.3).

OTHER CASTLEMAINE INDUSTRIES

The tariff on wrought stone, reduced in 1871, remained unchanged for the rest of the decade (Table 3.3). A lower tariff therefore conferred benefits on the exports of the three local industries engaged in stone quarrying. These industries were the Harcourt Granite Quarry, Castlemaine Paving Company, and the Castlemaine Flagging Company. The Harcourt Granite Quarry provided stone for large structures in all Australasian colonies. A Castlemaine resident believed it was Patterson’s ‘duty’ to use

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148 Sinclair, The Process of Economic Development, p.94. These were the most heavily protected industries, clothing, footwear, metal manufacturing, leather, furniture, and coachbuilding.
149 MAM, 517/1876, p.2.
150 MAM, 21/9/1876, p.2.
151 Patterson, The Tar in the Australian Colonies, pp12-17. The original excise duty on spirits, introduced in 1858, was 913 to 10/- per gallon. This was reduced to 6/- to 8/- in 1862, and increased to 10/- per gallon in 1866.
152 MAM, 11/3/1886, p.2. Wilson, Corben & Co. Of the Castlemaine Paving Company, Barkers Creek extended the range of their manufactures in 1871 when they bought the Castlemaine Slate Quarry. The MAM makes no mention of this company until 22/9/1879.
Harcourt granite for Victoria’s new Parliament House. Products from both the Flagging Company and the Slate Quarry were greatly admired at the 1879 Sydney Exhibition.

Vivian’s, one of Castlemaine’s oldest foundries, was bought by William Middleton in 1875. Partially destroyed by fire in 1877, the foundry continued to make mining machinery until its closure in 1879. The foundry’s machinery was subsequently bought by Thompson’s Foundry.

The Standard Brewery, and the Soap and Candle Factory are known to have been functioning until 1900. However, there is no record of these enterprises, nor of Wagner’s Coach Factory, in the Mount Alexander Mail. A new soap and candle factory was established by T. Mason in Elizabeth Street, Castlemaine in 1875. The tariff on soap was increased by one hundred per cent in 1879 (Table 3.3).

One of the largest tanneries in the colony, Cunnack’s ‘commercial activity’ had increased considerably by 1877. Although the 1879 tariff conferred additional protection on Victorian tanneries (Table 3.3), their viability was threatened by a shortage of wattle bark, an essential component in the tanning process (Table 3.6). Sinclair remarks on the growth of employment in the leather and footwear industries after 1871. Concern over the impact of wattle bark shortages on the future of these industries led to an official enquiry in 1878 (Appendix 5).

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153 Letter from ‘Castlemaine Stonemason’, in MAM, 5/411879, p.2; 30/4/1878, p.2. Granite blocks, weighing five tons, were provided for the Brisbane graving dock as well as for the Union Bank of Australasia, Collins Street, Melbourne.
154 MAM 22/9/1879 p 2 A slate bath treated to resemble marble was exhibited in Sydney by the Castlemaine Slate Quarry.
156 The tariff on candles remained at the level of the 1871 tariff.
159 MAM., p 13/12/1877, p.2. Increased activity necessitated the enlargement of the tannery at a cost of £1 500.
160 Report of the Wattle Bark Board of Inquiry, 1878, p.4.
TABLE 3.6

Value of Victorian Exports of Wattle Bark, Hides and Leather

and Imports of Hides and Leather

1870-1877

<table>
<thead>
<tr>
<th>Year</th>
<th>Wattle Bark exported</th>
<th>Hides imported</th>
<th>Hides exported</th>
<th>Leather imported</th>
<th>Leather exported</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>£6418</td>
<td>£15816</td>
<td>£11508</td>
<td>£25970</td>
<td>£111707</td>
</tr>
<tr>
<td>1871</td>
<td>£6020</td>
<td>£23075</td>
<td>£4795</td>
<td>£28403</td>
<td>£159866</td>
</tr>
<tr>
<td>1872</td>
<td>£20123</td>
<td>£48190</td>
<td>£4951</td>
<td>£69715</td>
<td>£215143</td>
</tr>
<tr>
<td>1873</td>
<td>£12748</td>
<td>£42358</td>
<td>£6137</td>
<td>£71188</td>
<td>£218424</td>
</tr>
<tr>
<td>1874</td>
<td>£7741</td>
<td>£58187</td>
<td>£3923</td>
<td>£87953</td>
<td>£190199</td>
</tr>
<tr>
<td>1875</td>
<td>£37883</td>
<td>£61727</td>
<td>£2754</td>
<td>£96806</td>
<td>£244027</td>
</tr>
<tr>
<td>1876</td>
<td>£60386</td>
<td>£69062</td>
<td>£2996</td>
<td>£87636</td>
<td>£194033</td>
</tr>
<tr>
<td>1877</td>
<td>£51768</td>
<td>£79043</td>
<td>£2997</td>
<td>£104894</td>
<td>£199304</td>
</tr>
<tr>
<td>Total</td>
<td>£203087</td>
<td>£397458</td>
<td>£40061</td>
<td>£572565</td>
<td>£1532703</td>
</tr>
</tbody>
</table>

The sericulture enterprise closed in 1877 after severe frosts destroyed the mulberry trees, the food supply of the silkworms. This would have come as no surprise to Mrs. Anne Timbrell, the instigator of sericulture in Victoria. Earlier, Mrs. Timbrell had remarked that Mrs. Bladen Neill was over-optimistic about the viability of the industry in Castlemaine’s harsh winter climate.

SOCIAL WELFARE IN CASTLEMAINE

Overcrowding, together with a shortage of funds, continued to be the most important issues for the Castlemaine Benevolent Asylum (Table 3.7). Admissions had risen significantly in 1874, remaining at approximately the same level for the rest of the decade. Rising admission rates support the findings of Jackson’s study of Australian demographics in the 1870s. Jackson found that cohorts from the forty-five to sixty-five year age group increased in number over this decade. Unlike the Benevolent Asylum, the Ladies’ Committee of the Asylum experienced a significant decrease in the numbers requiring assistance (Table 3.8).

CONCLUSION

Statements made by Matthews between 1875 and 1879 suggest that the poor performance of the local economy was due to the drought of 1878-1879, the effect of the ‘Berry Blight’, insufficient water for alluvial mining, and the tariff Matthews does not make a comparison between the overall Victorian economy and that of Castlemaine.

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162 MAM, 18/1/1877, p.2; 19/2/1877, p.2. At the time of its closure, the company’s assets were valued at £2 450. The quality of Castlemaine silk received high praise in London where Mrs. Bladen Neill had established the Australian Silk Growers’ Depot.

163 MAM, 11/1/1875, p.2; 17/4/1875, p.2. Mrs. Timbrell’s comments, were based on the effect of extreme variations of temperature on the sericulture enterprise at Beechworth which possessed a climate similar to Harcourt.

164 MAM, 11/6/1875, p.2; 12/7/1878, p.2. The Asylum’s debts had risen to £1 500 by 1875. Insufficient funds led to ‘sweeping’ reductions in salaries and a number of inmates were discharged.


166 MAM, 8/7/1875, p.2; 4/7/1877, p.3; 3/7/1878, p.2; 2/7/1979, p.2. The Ladies’ Committee continued to provide clothing and blankets on a regular basis. Blankets were sold at discount rates to those who could afford to pay by weekly instalments.
TABLE 3.7

Expenditure of Castlemaine Benevolent Asylum

1875-1879

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Inmates</th>
<th>Cost per capita per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875</td>
<td>92</td>
<td>£18. 4.10</td>
</tr>
<tr>
<td>1876</td>
<td>96</td>
<td>£17.11.7½</td>
</tr>
<tr>
<td>1877</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1878</td>
<td>92</td>
<td>£19. 3.7</td>
</tr>
<tr>
<td>1879</td>
<td>93</td>
<td>£19. 9.3</td>
</tr>
</tbody>
</table>

Source: *Mount Alexander Mail*, 14/1/1876, p.2; 12/1/1877, p.3; 11/1/1878, p.2; 10/1/1879, p.2; 9/1/1880, p.2.
TABLE 3.8

Relief distributed by the Ladies’ Committee of Castlemaine Benevolent Asylum 1875-1879

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of families</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875</td>
<td>117</td>
<td>558.16.5</td>
</tr>
<tr>
<td>1876</td>
<td>111</td>
<td>489. 6.11</td>
</tr>
<tr>
<td>1877</td>
<td>123</td>
<td>423.13.7</td>
</tr>
<tr>
<td>1878</td>
<td>112</td>
<td>485. 8.1</td>
</tr>
<tr>
<td>1879</td>
<td>131</td>
<td>504. 9.11</td>
</tr>
</tbody>
</table>

Source: *Mount Alexander Mail*, 14/1/1876, p.2; 12/1/1877, p.3; 4/7/1877, p.3; 3/7/1878, p.2; 2/7/1879, p.2.
Coghlan’s study indicates that unemployment plagued Victoria until the beginning of the 1880s.

Matthews makes no mention of the role played by the tariff in the creation of employment at the Woollen Mill. Nor does he mention the relationship between the tariff and the modest expansion of Thompson’s Foundry. These establishments belong to those industries identified by Sinclair as the major beneficiaries of the 1871 tariff.

Within less than a year of its establishment in 1876 the Woollen Mill had not only become a significant employer of labour, but also a successful exporter. Its export success contradicts Sinclair’s contention that exports were disadvantaged by the inflexibility of the tariff in relation to wage costs. In the absence of data relating to the Mill’s costs, an assumption could be made that its export success relied on a high quality product.

It is possible that Matthews saw few advantages arising from protection for a predominantly goldmining region. Willman’s compilations indicate that gold production, although lower than in previous decades, was still a significant contributor to the economy.
CHAPTER 4
1880-1884

Ingham asserts that most Conservatives had accepted the principles of tariff protection by the 1880s. Squatters, industrialists, farmers, mine-owners, and workers all appealed to the State to satisfy their respective needs. Protection ‘thus became part of the phenomenon of ‘colonial socialism’.¹ Private capital was insufficient for major works like railways but Serle believes state action went beyond these necessities. Victorian governments poured money into public works, irrigation and other water-related projects, and the telegraph system. Mining, agriculture and manufacturing were all supported by subsidies. State support was thought to be vital to the promotion of settlement, an increase in population growth, and the provision of employment.² A contemporary observer, Professor Charles Pearson, commented on the rapid creation of a ‘State Socialism’ which surpassed its Continental models.³

Victoria emerged from its economic malaise of the previous five years and: in 1881, was poised to enter a decade of economic boom. Land sales had declined but a run of good seasons, together with increased returns from customs duties, placed the budget in surplus in 1881, 1882 and 1884 (Table 4.1). These years were characterised by rising economic prosperity in a climate of relative political stability.⁴ Victoria was now the manufacturing

¹ Ingham, ‘Political parties in the Victorian Legislative Assembly ‘, pp. 246-47.
³ Ingham, Political Parties in the Victorian Legislative Assembly, p. 247. Alan S. Mjlward and SB. Saul, The Economic Development of Continental Europe 1780-1870, Allen & Unwin, London, 1979, pp.382-83, James J Europe Since 1870: An International History, Penguin Books, England, p.40. Pearson overlooks the involvement of the German government in the provision of ‘State Socialism’. The Prussian State had been involved in the provision of railways since 1842. In 1883, Bismarck ‘introduced a social insurance scheme whereby German workers were covered in the event of sickness, accident, or old age. F.W Eggleston, State Socialism in Victoria, P.S. King & Son Ltd. , London, 1932, pp.28-9. Eggleston points out that domestic private enterprise was unable to provide sufficient capital for the growing needs of Victoria’s infrastructure projects. Having undertaken the provision of railways in the early 1860s, successive Victorian governments accepted the principle that it was the responsibility of the State to stimulate settlement through the provision of developmental works. Eggleston also indicates that periods of State activity usually followed an economic depression and used as a means of creating employment.
⁴ Serle, The Rush to be Rich, p.35.
TABLE 4.1

General Revenue and Expenditure in the
Colony of Victoria 1880-1884

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue</th>
<th>General Expenditure</th>
<th>Deficit (-) or Surplus (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>1881</td>
<td>4 621</td>
<td>4 875</td>
<td>-254</td>
</tr>
<tr>
<td>1882</td>
<td>5 186</td>
<td>5 109</td>
<td>+77</td>
</tr>
<tr>
<td>1883</td>
<td>5 592</td>
<td>5 146</td>
<td>+446</td>
</tr>
<tr>
<td>1884</td>
<td>5 611</td>
<td>5 652</td>
<td>-41</td>
</tr>
<tr>
<td>1884</td>
<td>5 935</td>
<td>5 715</td>
<td>+220</td>
</tr>
</tbody>
</table>

Source: Henry Heylyn Hayter, Victorian Year Book for 1884-1885, No.1. Statistical Summary of Victoria from 1836 to 1884, Government Printer, Melbourne, 1885
centre of the Australian colonies, with building materials, metals, machinery, printing, and carriages accounting for most of the growth.\(^5\) The need for housing and other services by an increasing number of immigrants stimulated the economy. Housing was also needed by the children, now of marriageable age, of the goldrush immigrants. Opportunities for employment also came from the extension of railway lines (Table 4.2).\(^6\) Butlin remarks that, although their development was overshadowed by Melbourne, many Victorian towns exhibited accelerated growth after 1881.\(^7\)

This was also a period of growth in the Victorian manufacturing sector. Patterson concedes that this growth was mainly due to the tariff but adds a further dimension. Accelerated growth of the manufacturing sector arose from the activities of the skilled immigrants of the goldrush era. These activities produced an accumulation of capital which, in turn, set the stage for an expansion and broadening of secondary industry.\(^8\)

Serle maintains that the ‘tariff played a role in the development of certain infant industries in the 1880s. However, he indicates that Victorian manufacturers faced the disadvantages of a high wage structure arising from the inflationary pressure of the tariff as well as a small domestic market. The latter prevented manufacturers from achieving the economies-of—scale practised in America where a higher tariff existed until the 1890s. Serle concludes that Victorian manufacturers derived more advantages from ‘natural protection’ than from the tariff. ‘Natural protection ‘included high ‘freight charges, insurance, exchange and wharfage costs.\(^9\)

\(^5\) Serle, The Rush to be Rich, pp. 69-71. Serle mentions the success of numerous breweries in the 1880s, including the Fitzgerald brewery.

\(^6\) Sinclair, The Process of Economic Development in Australia, p. 142

\(^7\) Butlin, Investment in Australian Economic Development, p. 186. These towns spread between Bairnsdale in the east, Nhill in the west, Lilydale in the south and Kerang to the north.


\(^9\) Serle, The Rush to be Rich, p.76. Serle neglects to mention a further advantage possessed by America: closer proximity to the European market.
TABLE 4.2

Revenue from the Sale of Crown Lands

and Expenditure on Railways

in the Colony of Victoria 1880-1884

<table>
<thead>
<tr>
<th>Year</th>
<th>Land Sales Revenue</th>
<th>Railways Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>1880</td>
<td>472</td>
<td>1 989</td>
</tr>
<tr>
<td>1881</td>
<td>574</td>
<td>782</td>
</tr>
<tr>
<td>1882</td>
<td>598</td>
<td>1 388</td>
</tr>
<tr>
<td>1883</td>
<td>564</td>
<td>2 117</td>
</tr>
<tr>
<td>1884</td>
<td>585</td>
<td>1 399</td>
</tr>
</tbody>
</table>

Siriwardana contends that Victoria lost more than it gained from tariff protection. Although protection stimulated employment in the import-competing industries, it reduced similar opportunities in the export sectors. Victorian exporters lost their international competitiveness because of the inflationary pressures of the tariff. This, in turn, led to a fall in exports which eventually reduced the level of employment in the export sector. Siriwardana reaches the conclusion that Victoria’s protectionist policy resulted in the growth of the import-competing sector at the expense of the export sector.10

With the exception of 1880, the year in which the Ministry changed on three occasions, there was an absence of the political turbulence which had marked the previous decade. In power since 1877, Berry was granted a dissolution after the Legislative Council twice rejected his proposal for a plebiscite for its reform. Sayers comments that the public had wearied of the constant quarrelling between the two Houses. This, in turn, led to the proliferation of parties and the breaking down of the Ministry’s solidarity. Berry was also affected by an outbreak of in-fighting in his traditional electoral support base, the National Reform League.11

Garden attributes Berry’s dwindling support to the imposition of the high 1879 tariff at a time of economic depression. Many of Berry’s previous supporters from the manufacturing, mining and farming sectors perceived the tariff to be detrimental to their interests.12 As a result, a third or ‘Corner Party’ had now emerged, composed of representatives from these groups, led by James Munro.13

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10 Siriwardana, ‘The impact of tar in the colony of Victoria ‘, p.60
11 Sayers, David Syme, p.138. Berry was criticised by his eminence grís, David Syme, for losing the election. Sayers remarks that Syme was still ‘obsessed’ by reform of the Legislative Council and the imposition of a high tariff.
12 Garden, Victoria, p.152.
13 Ann Mitchell, pp.312-14 in ADB, Vol. 5, pp.3 13. A merchant and businessman, Munro was a supporter of Berry’s 1875 Ministry. Mitchell comments that Munro’s ‘political interests were usually trimmed to his economic interests’.MAM, 22/1/1880, p.2. Munro’s supporters described themselves as the ‘Liberal Association’. The MAM believed the group lacked the numbers to exert any political influence.
Reform of the Legislative Council became the major issue in the election campaign of February 1880. A more moderate model of reform was proposed by Service, now the Leader of the Conservatives, who had gained considerable support from the formation of effective electoral associations.

Electoral speeches by Castlemaine candidates were confined to the topic of reform. Matthews, Editor of the *Mount Alexander Mail*, supported Berry. According to Matthews, the Conservative candidate, E. Langton, represented a party of ‘wealth and reaction’ committed to the preservation of the status quo of the Legislative Council. Castlemaine voters were urged to support Patterson and Pearson who represented ‘the cause of progress’. Matthews commented that ‘Conservative policies would check the development of industry.’ The successful candidates, Patterson and Pearson, were relegated to the Opposition benches following Berry’s defeat in the March 1880 election.

In the expectation that he would win the next election, Service sought a dissolution after his Reform Bill was rejected by the Assembly by only two votes. Reform of

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14 Geoffrey Serle, A1)B, Vol. 6, p. 108. Service’s Reform Bill provided for a wider Legislative Council franchise and a double dissolution if the Council twice rejected a Bill passed by the Assembly in two consecutive sessions followed by a joint sitting of the two Houses. The Bill also increased the Council’s power in dealing with financial matters. C.E. Sayers, David Syme: A Life, F.W. Cheshire, Melbourne, 1965, p. 139. Syme, Editor of the Age, rejected Service’s Reform Bill on the grounds that it would ‘crush out liberalism and transfer power from the working classes to the wealthy’.

15 Geoffrey Bartlett, pp. 151-56 in ADB, Vol. 3, pp. 154-55. Political Catholics, whose calls for state education aid had been ignored, were also organising against Berry.

16 MAM., 9/3/1877, p.2 28/2/1880, p.2. Matthews initially opposed the introduction of a higher tariff in 1877. His comments in 1880 suggest an acceptance of tariff policies.

17 Garden, Victoria, p. 152. Garden remarks that Victorians had grown tired of political turmoil and blamed Berry for the current economic depression.

18 Garden, Victoria, p. 152.

the Legislative Council again became the major issue in the election of July 1880.

Castlemaine electors were given the opportunity to hear both sides of the reform argument at a public meeting addressed by Patterson, Pearson, and a representative of the Conservative party. A resolution, in favour of Berry’s reform proposal, was passed by an overwhelming majority of those present.  

According to Garden, Service was defeated by a campaign in favour of the Liberal party waged by the Age together with the support of the Catholic vote. A contemporary observer remarked that Berry’s success relied on his ability to persuade voters that the Service Reform Bill was inspired by members of the Legislative Council.

Castlemaine returned a stronger Conservative vote than in the previous election, attributed by Matthews to the ‘powerful local influence’ of Hannibal Rowe, the party’s candidate. The successful candidates; Patterson and Pearson, joined the Berry Ministry, Patterson as Vice-President of the Board of Land and Works and Commissioner of Railways and Pearson as Minister without Portfolio.

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20 MAM, 23/6/1880, pp.2-3. The resolution was passed by 500 citizens with 20 dissensions. The meeting resolved that the Service Reform Bill would ‘take away the supremacy of the Assembly in matters of finance and render the position of the Council still more impregnable’.
21 Serle, pp.106-112 in ADB, 5 p.108. A sick man, Service resigned from his seat in the Maldon electorate early in 1881 to recuperate in Britain. Sir John McIntyre, a free-trader, subsequently won the seat of Maldon.
22 Garden, Victoria, p. 152. As his supporters were in a minority, Berry formed a government with the help of the Roman Catholic Party, led by Sir Bryan O’Loghlen and Sir John O’Shanassy. These two politicians were prominent in the push for state aid for church schools. O’Shanassy was the father-in-law of Nicholas Fitzgerald, Castlemaine’s representative in the Legislative Council.
23 Turner, A History of the Colony of Victoria, p.212.
24 MAM, 15/7/1880, p.2. A local mine owner and free-trader, Rowe was committed to the goldmining industry.
25 MAM, 15/7/1880, p.2. Patterson 1523, Pearson 1377, and Rowe 1244 votes. Matthews comments that more than half the voters in Castlemaine were opposed to the Reform Bill of Service.
26 Graeme Davison, The Rise and Fall of Marvellous Melbourne, Melbourne University Press, Melbourne, 1984, pp. 1 15-16. Peter Cook, pp.415-416 in ADB, Vol. 5, p.415. During the early 1880s, the civil service was recruited mainly by patronage. Patterson was accused by one politician of ‘having emptied Castlemaine into the Railway Department’. On the other hand, Cook maintains that Patterson worked hard to eliminate patronage from the Railways Department.
27 Tregenza, Professor of Democracy, pp. 162-171. Pearson was not given a portfolio as custom dictated that only one was allotted to a constituency. Although Patterson’s portfolio carried a full Ministerial salary, Pearson’s new position earned none. Instead, Berry gave Pearson an unwritten promise of the position of Agent-General in London for a term of three years, to take effect at a date convenient to the Ministry. Deakin believed that, although Pearson lacked Patterson’s administrative ability, he would have been a far more loyal colleague of Berry. Also, that Patterson intrigued to secure a portfolio for himself. As Pearson was useful to Berry’s search for viable constitutional reform, he postponed his appointment as Agent-General.
After compromises which alienated the radical wing of his party, Berry’s modified Reform Bill was finally passed by the Legislative Council in June 1881.28 Two weeks later, Berry was defeated when O’Loghlen moved a successful motion censuring his handling of the Reform Bill.29 Support for O’Loghlen’s censure motion came from the Catholic bloc, the Opposition, and certain members of the Liberal party.30 These groups formed an alliance when O’Loghlen took office in July 1881.31

O’Loghlen’s government, pledged to ‘Peace, progress and prosperity’,32 was dominated by Thomas Bent who, as Minister of Railways, was notorious for his use of political patronage.33 Patterson and Pearson were not included in the new O’Loghlen Ministry and Pearson subsequently refused O’Loghlen’s offer of the post of Victorian Agent—General in London.34

Berry’s Reform Bill had brought about the creation of new Legislative Council Provinces together with an increase in the number of Councillors. For the first time, Council representatives were drawn from outside the wealthy elite. A newly-created province, North Central, allocated one more representative to the Castlemaine and Maldon region.

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28 Sayers, David Syme, p. 141. Although the Bill was only passed after a conference between the two Houses, Sayers remarks that it was the first break-through in the long and acrimonious dispute over reform of the Council. Under the new Bill Council electors were increased from 30 000 to 100 000, the property qualifications for members was reduced to £100, membership was raised from 30 to 42, and tenure reduced from ten to six years.

29 MAM, 1/7/1881, p.2; 2/7/1881, p.2. The Council of the Campbells Creek Branch of the Reform League passed a resolution condemning O’Loghlen’s vote of no confidence. Expressing his disappointment over Berry’s defeat, Matthews commented that an election would have allowed Berry to ‘rid himself of the Liberal deserters’.


31 MAM, 28/7/1881, p.2. Matthews indicated his religious intolerance by the statement that O’Loghlen had only achieved office with the ‘aid of the priesthood and the Conservatives’.

32 Garden, Victoria., p. 195.

33 Sayers, David Syme, p. 141.

34 MAM, 6/7/1881, p.2
William Zeal, who had earlier represented the North West Province from May 1882, was the sole candidate for the newly created province. A Liberal ‘opposed to extremes,’ Zeal promised to give every encouragement to the mining industry.

Although the O’Loghlen Ministry was not bedevilled by the chronic budget deficits of the Berry years (Table 4.1), Cannon indicates that it drifted into a ‘somewhat chaotic condition’ through borrowings. An ambitious railway program for the extension of a further eight hundred miles of railway lines depended on the loan of British capital. O’Loghlen’s inept and unsuccessful handling of the loan contributed to his Government’s downfall in March 1883.

Sectarian issues also played a role in O’Loghlen’s downfall. Victorian Protestants were concerned over local support for the Irish Nationalist League, particularly after terrorist murders in Dublin. Patterson, and other Orangemen in the Liberal caucus, joined forces with the Melbourne Age in an anti-Catholic crusade.

The election in March 1883 was marked by the return of Service to the political arena (Figure 7). Several Castlemaine Conservatives asked Service to stand for the local electorate after Pearson decided to ‘sever his political association with the ambitious Patterson. Service received a ‘warm’ reception from a large number of

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36 MAM, 8/5/1882, p.2.
37 Michael Cannon, Land Boom and Bust, Heritage Publications, Melbourne, 1972, p.50.
38 Turner, A History of the Colony of Victoria, pp.236-67. Bent proposed to extend the railway lines by a further 800 miles, most of which were situated in constituencies represented by politicians in O’Loghlen’s Coalition party.
39 MAM, 311 1/1882, p.2; 1/12/1882, p.2. Matthews remarked that O’Loghlen’s refusal to allow the stock for the £4 mill. loan to be inscribed discriminated against a large number of investors composed of trustees and guardians.
40 MAM, 23/8/1884, p.2. Writing to a friend in Castlemaine when visiting Ireland in 1884, Patterson wrote ‘As in Victoria the three Ps are in the ascendant: Priests, Policemen, and Poverty’.
41 Serle, The Rush to be Rich, p. 17.
42 MAM, 5/2/1883, p.2 Service was asked to stand for the Castlemaine electorate by Cunnack, a representative of local Conservative professional and businessmen.
43 Serle, The Rush to be Rich, p. 197. Pearson then won the safe Liberal seat of East Bourke which embraced the suburbs of Coburg and Brunswick. Pearson was not given a portfolio in the Service-Berry coalition government as many leading Conservatives objected to his association with the Age.
Figure 7. James Service, MLA for the Castlemaine Electorate 1883-1886. c.1885.

Castlemaine citizens at his election speech. Service informed his audience that he had never been a Conservative but was a ‘liberal of the Gladstone stamp’. If elected, Service would support protection however, in the event of the return of a free trade Ministry, he would work towards the abolition of the tariff.

Patterson’s electoral speech, given two days later, suggests that he had abandoned his earlier protectionist stance to follow the lead of his formidable opponent, Service. Assuring the electorate of his ‘staunch’ free trade beliefs, Patterson promised to assist in the abolition of the tariff in the event of his inclusion in a free trade government. A third candidate, G.W. Greenhill stood as a Ministerialist.

Service made an accurate judgement of a predominantly Liberal electorate in denying any espousal of Conservative values. Votes won by Service almost equalled those of Patterson.

Liberals and Conservatives achieved almost equal representation in the March 1883 election but neither party could rally sufficient support from independent politicians form a government. As Berry’s Reform Bill had now removed the major impediment to co-operation between the two parties, they decided to abandon former differences and form a coalition government. Service, who

44 MAM, 8/2/1883, pp.2-3. Service stated that he, had been a Chartist as a young man. After pointing out that the Berry Reform Bill contained many of his own proposals, Service went on to say that ‘I had drawn the plan of the House and Mr. Berry had built it’.
45 MAM, 8/2/1883, pp.2-3. In 1889 Service remarked that although free trade produced greater wealth, protection ensured fairer distribution. Serle, pp.106-12 in ADB, Vol. 5, p.107-8. Syme of the Age approved of Service on the grounds that he was a reformer despite his free trade views.
46 MAM, 26/2/1876, p.2. Matthews had earlier remarked on Patterson’s ambivalent attitude over protection. He called him a ‘bigoted protectionist, afflicted with an undue desire for office and ready to unite with any politician in the formation of an administration’. Deakin, The Crisis in Victorian Politics, p. 15. Deakin also commented on Patterson’s ability to temper his beliefs with personal ambition.
47 MAM 10/2/1883, pp.2-3.
48 MAM, 22/2/1883, p.2. As a Ministerialist, Greenhill supported the O’Loghlen Ministry. According to Greenhill, Patterson and Pearson’s opposition to Bent was responsible for the O’Loghlen government’s decision to locate the railway workshops at Williamstown instead of Castlemaine.
49 MAM, 23/2/1883, p.2. Patterson 1597, Service 1347, Greenhill 705 votes.
50 Garden, Victoria, p. 196. The new parliament held 38 Conservatives, or Constitutionalists, 32 Liberals, and 15 Independents.
had indicated that he would only enter the Coalition as leader, became Premier and Treasurer with Berry as his Deputy Premier and Chief Secretary.

Service was favoured by an improvement in the economy. Labour-intensive building projects in Melbourne not only provided employment, but also stimulated the growth of industries servicing construction projects. Following a run of good seasons, wholesale and retail trades were stimulated by record exports of wheat and flour. Melbourne was fast becoming the financial centre through which funds were channelled for investment in the Riverina pastoral industry.

Service agreed to continue the current level of tariff protection which prompted Higgins MLA to remark that ‘protection has become... rightly or wrongly a synonym for patriotism’. By the 1880s, protection had created vested interests which equalled the ‘squattocracy’ in power. Free-traders had no option but to agree to the

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51 Serle, The RII$1z to be Rich, p. 18. Serle asserts that Syme of the Age was responsible for the rapprochement between the two parties. However, a leading Orangeman Simon Fraser, claimed that he and Patterson were responsible. MAM, 19/3/1883, p.3. O’Loghlen also indicated Patterson’s involvement in the creation of a Coalition government. According to O’Loghlen, Patterson ‘...was the kingmaker and the power behind the throne...he had boasted that Castlemaine had brought about the Coalition ‘. 52 Turner, A History of the Colony of Victoria., p.238. MAM, 20/7/1883, p.2. • An admirer of Service, Matthews remarked that ‘public finances have now fallen into thoroughly competent hands’. 53 Sayers, David Syrne, pp. 141-42. Service’s leadership had the full support of Syme who respected his qualities of sincerity and financial acumen. According to Sayers, Service believed the colony’s tumultuous era of politics had passed and that it was now time to develop its economic and social resources.

54 Coghlan, Labour and Industry in Australia, p. 1481. The decade of the 1880s was marked by a shortage of skilled labour, particularly in the construction industries, following the exodus of 60 000 adult males to other colonies throughout the 1870s. Most of these men had immigrated to New South Wales, attracted by higher wages and steady employment.


56 Turner, A History of the Colony of Victoria, p.248. The need for extra harvest labour mopped up unemployment in many rural areas.


58 Turner, A History of the Colony of Victoria, p.238. Service declared that he would ‘...never be a party to alter the policy of the country surreptitiously. When I can convince the rest of the colony that Protection is wrong and Free Trade is right, and when the country sends in a Free Trade Parliament, then, but not till then, can the Protectionists’ policy be Overturned’.

preservation of the status quo and fight to prevent further increases in the tariff.\textsuperscript{60} Serle points out that many Conservative free-traders now saw the tariff as a more attractive alternative to direct taxation.\textsuperscript{61} Budget revenue considerations were also responsible for greater acceptance of the tariff by free—traders since customs duties provided more than half the budget revenue in the early 1880s.\textsuperscript{62}

The Service Coalition undertook a significant legislative program which included irrigation projects, new Land, and Factory Acts, defence, railway building and management and a Public Service Act aimed at the elimination of political patronage. Service also devoted considerable energy towards future Federation\textsuperscript{63} as well as affairs in the Pacific.\textsuperscript{64}

**THE ROYAL COMMISSION ON THE TARIFF 1881-1883**

Some minor variations were made to the tariff in 1881 to fund a relatively low budget deficit (Table 4.1). In the same year the Berry government instigated an inquiry into the level of the tariff, an undertaking which took over two years to complete. The terms of reference required the Royal Commission to determine whether the tariff should be discontinued on certain articles of manufacture.\textsuperscript{65}

\textsuperscript{60} Ingham, Political Parties in the Victorian Assembly ', p.254. Harper MLA demonstrated the attitude of the typical free-trader with the following statement. ‘I deny that I am one of those extreme free-traders who regard the putting on of protective duties as they would a breach of the Ten Commandments. I have always looked at the question...as thoroughly one of expediency’.

\textsuperscript{61} Serle, The Rush to be Rich, p.25.

\textsuperscript{62} Serle, The Rush to be Rich, p.35.

\textsuperscript{63} MAM, 9/1/1884, p.3. Fitzgerald MLC made the claim that Castlemaine had been the first town to hold a Federation meeting. According to Fitzgerald, ‘the enthusiasm of the meeting had swept over the land and strengthened the resolve of the Premier to pursue Federation’. No evidence has been found to support Fitzgerald’s extravagant claim.

\textsuperscript{64} Serle, pp.106-12 in ADB, Vol. 6, pp.108-10. Service was unable to convince the Colonial Office of the need for British annexation of New Guinea. MAM, 1/10/1883, pp.2-3. At a public meeting, citizens of Castlemaine unanimously supported Service’s proposal for the annexation of New Guinea. Councillor James noted that the Castlemaine Borough Council had been the first Council to initiate such a meeting.

\textsuperscript{65} Report of the Royal Commission on the Tariff Government Printer, Melbourne, 1883, p. vii. The terms of reference were as follows: ‘To enquire into and report on the incidence and working of the present Customs Tariff of this Colony, especially with regard to the continued inclusion therein of items which, while neither yielding any considerable amount of revenue, nor adequately protecting any Victorian industry, at the same time seriously hamper the operations of trade, and further, to devise the best means of affording relief by discontinuing such items in the Tariff, and if necessary adding others in lieu thereof’. 
The Royal Commission discovered that certain groups of industries possessed conflicting interests over the current level of the tariff (Table 4.3). Footwear manufacturers who used imported material supported the abolition of the tariff on leather, one which protected Victorian tanners. Clothing manufacturers, and the merchants who sold their goods, objected to the high tariff on woollen cloth.

A Melbourne shoe manufacturer, Bedggood, informed the Royal Commission that the tariff had ‘swept away’ his inter-colonial trade. The removal of the tariff on imported leather would enable Bedggood to increase the number of his staff from 250 to 350. Victorian manufacturers were confined to the use of poor quality domestic leather because of the prohibitive stock tax.66

Tanners indicated to the Royal Commission that a shortage of wattle bark was of more concern than the current level of the tariff. A Ballarat tanner, A. Anderson, recommended the withdrawal of all licences for the stripping of wattle bark. Anderson believed that Victoria should follow the examples of France, Germany, and India where the wattle bark industry had been made a ‘government monopoly’.67

Clothing manufacturers and manufacturers of woollen cloth held opposing views of the tariff. According to Edward Oakleigh, a men’s clothing manufacturer, the cost of cloth had risen after the imposition of the 1879 tariff.

66 Royal Commission on the Tariff pp.206-13. Thirty per cent of Victorian hides were discarded because of damage by butchers before the hides were sent to tanneries. Charles Pritchard, a Castlemaine woolbroker and sheep and cattle salesman, informed the Royal Commission that the stock tax was injurious to small farmers who combined farming with grazing. MAM, 4/7/1882, p.2. Matthews considered the stock tax ‘an exorbitant expenditure on the necessities of life...it decreased household spending on other items and further depresses our shopkeepers. . .(and) has diverted large amounts of capital from Victoria to Sydney’. MAM, 25/1/1881, p.2. In 1881, an Inter-Colonial Conference had failed to resolve the stock tax question. The Sydney Morning Herald had criticised Berry for his failure to remove the stock tax in the interests of the achievement of a ‘perfect’ customs union.

67 Royal Commission on the Tariff pp.510-13. MAM, 18/2/1882, p.2. Matthews commented that, due to the ‘culpable neglect’ of successive Ministries over the wattle bark issue, Victorian tanners were threatened with total failure.
TABLE 4.3

*Selected Items from the Victorian Tariff of 1881.

<table>
<thead>
<tr>
<th>Item</th>
<th>1881</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Colonial Spirits</td>
<td>8/- to 10/- per gallon</td>
</tr>
<tr>
<td>Colonial beer</td>
<td>2d. per gallon</td>
</tr>
<tr>
<td>Glass</td>
<td>10%</td>
</tr>
<tr>
<td>Leather</td>
<td>20%</td>
</tr>
<tr>
<td>Metal manufacture</td>
<td>25%</td>
</tr>
<tr>
<td>Woollen cloth</td>
<td>15%</td>
</tr>
<tr>
<td>Blankets</td>
<td>20%</td>
</tr>
<tr>
<td>Textile machinery</td>
<td>Free</td>
</tr>
<tr>
<td>Fuse, gun-cotton and explosives</td>
<td>20%</td>
</tr>
<tr>
<td>Candles</td>
<td>2d. per lb.</td>
</tr>
<tr>
<td>Soap</td>
<td>4d. per lb.</td>
</tr>
<tr>
<td>Green fruit</td>
<td>9d. per bushel</td>
</tr>
<tr>
<td>Wrought stone</td>
<td>10%</td>
</tr>
<tr>
<td>Slates</td>
<td>Free</td>
</tr>
<tr>
<td>Cattle</td>
<td>5/-</td>
</tr>
<tr>
<td>Horses</td>
<td>5/-</td>
</tr>
<tr>
<td>Sheep</td>
<td>9d.</td>
</tr>
<tr>
<td>Pigs</td>
<td>2/-</td>
</tr>
</tbody>
</table>

* Items applicable to Castlemaine
+ The only tariff increase affecting Castlemaine industries.

Oakleigh had subsequently lost his inter-colonial market. James Shaw, a Director of the Castlemaine Woollen Mill, informed the Royal Commission that the introduction of protection was the major reason for the establishment of the mill. Shaw called for a tariff increase on blankets and flannels on the grounds that the mill was unable to compete with English imports. Eli Roberts, Manager of the Mill, pointed out that labour costs were higher in Victoria than in England.

Castlemaine foundry owner, David Thompson, asserted that without the current tariff of twenty-five per cent he could not compete against the economies-of-scale practised by English manufacturers. Removal of the tariff would result in a loss of work for the foundry which, in turn, would lead to fewer local employment opportunities. Thompson informed the Royal Commission that protection had given him, and his brother, the opportunity to establish their business.

Two factors were responsible for the foundry’s ability to export to other colonies. The Thompson brothers had acquired the expertise to manufacture the tools used in the production process at a cost lower than the imported variety. New production techniques had resulted in a fall, over the past six years, in the cost of raw materials. Thompson indicated that wages had risen over the same period.

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68 Royal Commission on the Tariff pp.70-7/
69 Royal Commission on the Tariff pp. 138-44. Shaw pointed out the high cost of establishing a mill in Victoria. The construction of the Castlemaine mill building cost £5 000 whereas in England a similar mill would cost only £2 500. No dividends be paid to shareholders until the mill had cleared its overdraft with the bank. From the time of its establishment in 1875, the mill had increased its level of staff from 40 to 60.
70 Royal Commission on the Tariff pp.349-54. Thompson also avoided competition with cheap, inferior, imported engines by concentrating on the manufacture of high-quality products. The foundry’s work force had risen from ‘5or6’ in 1875 to 86 in 1883. MAM., 25/1/1881, p.2. In 1881 Victorian foundries appeared to have derived little benefit from tail ff protection because of a 25 per cent tariff on imported ‘raw and other’ materials used in the manufacturing process. The Thompson brothers, together with ‘influential men in the iron trade’ had made an unsuccessful approach to Patterson, Minister of Railways, for the removal of the tariff on these items. Particular concern was expressed over the proposed use of duty-free materials by the government following the establishment of the railway workshops. This would give the government an unfair advantage over private firms, forced to pay a duty of 25 per cent. It was pointed out that engineering firms had invested in expensive premises and extensive machinery in order to compete for government contracts.
One Castlemaine foundry proprietor, Horwood, was less enthusiastic about protection. Most of the foundry’s work was devoted to the repair of agricultural and mining machinery. These activities required lathes and tools which could be made in England for half the cost of those manufactured in Victoria. Unlike the Thompson brothers, Horwood did not possess the equipment necessary to manufacture his own tools. Therefore, Horwood was forced to import all tools used in his manufacturing process.\textsuperscript{71}

Horwood’s circumstances exemplify Iredale and O’Byrne’s contention that the tariff penalises manufacturers who use imported components in the production process.\textsuperscript{72} Siriwardana links the inflationary pressures of the tariff with an increase in wages in Victorian labour-intensive industries.\textsuperscript{73} Sinclair maintains that the inflexibility of the tariff weakened the competitive position of Victorian manufacturers in a climate of falling import prices.\textsuperscript{74}

Two Castlemaine mine owners, E.H.W. Rowe and Alex Mills, gave evidence that the tariff discriminated against certain aspects of mining operations.\textsuperscript{75} Rowe was unaware of the tariff’s involvement in the closure of any mines, only that ‘…mines had been injured by it’. Mills commented that profits were affected by the tariffs on powder, fuse and candles (Table 4.3). Both witnesses indicated the danger to miners’ lives posed by the use of

\textsuperscript{71} Royal Commission on the Tariff pp.354-59. According to Horwood, a lathe could be purchased in England for £250 whereas the same machine, manufactured in Victoria, cost £450. Horwood informed the Tariff Commission that he was a free-trader. MAM, 5/2/1883, p.2. Horwood was one of a group of Conservatives who asked Service to stand as a candidate for the Castlemaine electorate.


\textsuperscript{73} Siriwardana, ‘The impact of tariff protection’, pp.60-1.

\textsuperscript{74} Sinclair, ‘The Tariff and Economic Growth’, p.83. For most of the 1870s and 1880s, there was a Call in world prices associated with the so-called ‘Great Depression’.

\textsuperscript{75} MAM., 29/1/1880, p.2. A MAVI report lends weight to the statement by Rowe and Mills. In 1880 a miner from the recently formed Bendigo branch of the Liberal Association of Victoria stated that he and five of his co-workers had changed from being ‘rabid protectionists’ to free-traders. After keeping accurate records of materials used over the past 12 months, the miners found the tariff on powder, fuse, candles and steel had adversely affected their profits.
domestic fuse.\textsuperscript{76} It was Mills’ belief that the only useful aspect of protection was its ability to foster new industries and provide employment for young people.\textsuperscript{77}

A Castlemaine Storekeeper, James Reid, informed the Commissioners that the tariff on reapers, binders and grain sacks placed ‘a burden on farmers’.\textsuperscript{78} This statement was supported by Nicholl, President of the Central Loddon Farmers’ Union who pointed out that the tariff on sacks placed additional costs on the price of exports of Victorian grain. This ‘had the effect of limiting sales to the small domestic market.\textsuperscript{79}

The Royal Commission also examined the Victorian liquor industry. A high duty had earlier been imposed on imported spirits as a means of encouraging domestic production. This had not had the desired effect as the domestic product was regarded by consumers as inferior to imported spirits.\textsuperscript{80} Edward Fitzgerald argued that a higher duty would not change consumers’ preference for imported spirits. Instead of an increase, Fitzgerald suggested a reduction of sixteen per cent in the excise duty.\textsuperscript{81}

A Castlemaine coach builder, William Gaulton, informed the Royal Commission that he had overcome the tariff burden by the use of alternative timber. Gaulton had ‘adjusted’ to the high tariff on imported hickory wheel spokes by the use of local blue gum. Local timber was also cheaper and stronger than imported hickory. Gaulton’s ability to export vehicles to New South Wales supports Iredale and

\begin{footnotesize}
\begin{enumerate}
\item Royal Commission on the Tariff pp.363-69. Rowe had not used Victorian fuse in his mine for six years as the local product often failed to ignite the gunpowder charge.
\item Royal Commission on the Tariff, pp.369-72.
\item Royal Commission on the Tariff, p.372.
\item Royal Commission on the Tariff pp.381-87 Victorian farmers were unable to pass on the cost of the tariff on sacks to the export market. During good harvests, the small Victorian market was unable to absorb surplus grain.
\item MAM, 7/4/1883. p.2. Only 180 000 gallons of colonial spirits were sold each year. According to Matthews, some colonial spirits were ‘deleterious to health’.
\item Royal Commission on the Tar pp. 1319-20. The Royal Commission disregarded Fitzgemid’s suggestion and recommended an increase of 20 per cent. This took place in 1884 (Table 4.3).
\end{enumerate}
\end{footnotesize}
O’Byrne’s contention that the tariff placed less burden on those who used domestic components in their manufactures.82

Matthews commented on the favourable attitude of Castlemaine witnesses towards the maintenance of the existing level of the tariff. Matthews considered that the evidence given by Rowe, a mine manager and free-trader, was ‘very impartial’. Mirams, Chairman of the Tariff Inquiry and an avowed protectionist, was also praised for his impartiality. Criticism was reserved for Horwood ‘… who would like to see the colony overstocked with imported machinery’.83

Parliament received the report of the Royal Commission on the Tariff in 1883 following two years of hearings held in most areas of the colony. The Commission exceeded its obligation to remove relatively unimportant duties and attempted an evaluation of protection in Victoria. Writing almost a century later, Patterson describes the Royal Commission as one of the most thorough and comprehensive investigations of its kind ever undertaken in Australia.84

According to Patterson, the Commission was correct in its findings that the tariff had fostered the growth of manufacturing industries. The Commission also discovered ‘many industries’ which had captured the import market as well as others which had overcome the tariff burden to develop an inter-colonial export trade. After examining Victorian exports over the past eleven years, the Royal Commission concluded that the mining, pastoral, and non-protected manufacturing exports had, in general, maintained their former position.85

The Royal Commission found that the stock tax had not only created difficulties for tanneries and soap and candle

82 Royal Commission on the Tariff pp.375-80. Hickory spokes attracted an ad valorem tariff of 20 per cent. The tariff on carriages was increased from 20 to 25 per cent in 1879. Gaulton claimed that the use of Victorian timber had depressed the cost of imported hickory. However, it is more likely that this was due to falling world prices.
83 MAM, 10/3/1882, p.2.
84 Patterson, The Tariff in the Australian Colonies, p.87.
85 Patterson, The Tariff in the Australian Colonies, p.91
manufacturers, but also resulted in a scarcity of meat in Melbourne. There were two reasons for the government’s subsequent refusal to implement the Commission’s recommendation for the removal of the tax. Stock breeding was not an economic proposition, given Victoria’s relatively small and costly land holdings. The stock tax also provided considerable government revenue, the latter expected to fall after acceptance of the Commission’s recommendation for the removal of certain items from the tariff.86

The Service-Berry Coalition implemented only one of the Commission’s recommendations for a higher tariff. This was a substantial increase in the excise on spirits. Tariffs on grain sacks were not removed until the Gillies government took office in 1886.87

Any attempt by the Service-Berry Coalition to systemise the tariff and remove its anomalies would have aroused the opposition of either of the two political parties. Liberals were against any substantial reduction of the tariff and many Conservatives, such as Service, were now aware of the populist notion of the tariff. In the interests of political harmony, the Ministry largely ignored the Commissioners’ report.88 There were also economic reasons underlying the Coalition’s inaction. These were a budget deficit in 1883 (Table 4.1) together with an increase in the level of foreign competition.89

THE CASTLEMAINE ECONOMY

Victoria’s rising prosperity does not appear to have been shared by Castlemaine.90 In 1880 Matthews pointed out that the gradual establishment of local industries had been the most significant factor in mitigating the effects of

86 Patterson, The Tariff in the Australian Colonies, p.90. There would be an estimated revenue loss of £166 250 per annum.
87 Patterson, The Tariff in the Australian Colonies, p.89.
88 Serle, The Rush to be Rich, p.75
89 Wells, Constructing Capitalism, p.91.
90 Henry Heylyn Hayter, Victorian Year Book for 1884 85 Go Pnnter Melbourne 1885 p 80 The population of the Borough of Castlemaine had fallen to 7 000 by 1884.
unemployment. Comments by the Castlemaine Borough Council suggest that unemployment remained at a high level throughout 1880 and 1881. The Council attributed local unemployment, low wages, and a commercial depression to declining gold yields (Table 4.4).

Matthews commented in August 1884 that the ‘long-awaited economic revival has not yet arrived’. It is therefore difficult to find a reason for the large number of employment vacancies inserted in the newspaper between 1881 and early 1884. Advertisements called for farm labourers, skilled tradesmen, labourers for the Castlemaine to Maldon railway line, female woollen mill operators and female servants.

Concern over the depressed state of the local economy in 1881 prompted Castlemaine businessmen, the Borough Council and parliamentary representatives to join forces in a proposal to stimulate economic expansion. The new lobby group, the Castlemaine Railway League, sought the establishment of a railway line to connect the existing north and north east lines. The League was confident that a new line would not only provide additional freight opportunities, but also counteract the growth of population and industries in Melbourne.
### TABLE 4.4

Gold Production in the Castlemaine Region

1880-1884

<table>
<thead>
<tr>
<th>Year</th>
<th>ozs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>4,818.75</td>
</tr>
<tr>
<td>1881</td>
<td>5,259.85</td>
</tr>
<tr>
<td>1882</td>
<td>6,257.20</td>
</tr>
<tr>
<td>1883</td>
<td>8,579.45</td>
</tr>
<tr>
<td>1884</td>
<td>8,180.70</td>
</tr>
</tbody>
</table>

Source: Compilations by C.E. Willman, Senior Geologist, Minerals Victoria, from Official Mining Department Quarterly and Annual Reports, 1996.
After intense lobbying by other country Railway Leagues, Bent announced that the government would not support any proposals for new lines. A study by Sinclair vindicates the wisdom of the government’s decision. Passenger traffic gained precedence over freight on the completion of the Melbourne to Albury railway line which subsequently linked Melbourne with Sydney.

A further railway project to relieve local unemployment was pursued by the Castlemaine Borough Council in the years 1882 and 1883. A decision had been made to locate railway workshops in Williamstown by the O’Loghlen government in 1882. Patterson made an unsuccessful approach to Bent for the choice of Castlemaine as an alternative site. Matthews attributed Bent’s lack of enthusiasm for the project to his personal animosity towards Patterson.

The Castlemaine Borough Council was confident of achieving its goal of a local railway workshop now that the Premier, Service, represented the electorate. But Service informed a Castlemaine deputation that although he was ‘in accord’ with their aims he could not accede to their request. Service explained the difficulty in which he was placed as a Premier representing an electorate requesting preferential treatment. In the interests of fairness, Service subsequently located the railway workshops at Williamstown.

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98 MAM, 7/10/1881, p.2; 6/6/1882, p.3; 12/9/1882, p.2. By this time, a further Railway League had been formed at Seymour. On behalf of the Castlemaine Railway League, Patterson and Pearson asked Bent to consider Elphinstone as a connection point for the proposed railway line.
99 MAM, 12/9/1882, p.2; 11/10/1882, p.2. After Bent’s announcement, Dr. Quick, MLA for Bendigo, remarked that the decision was ‘disgraceful’.
100 Sinclair, The Process of Economic Development, p. 13O
101 MAM, 30/8/1882, p.2; 5/9/1882, p.2.
102 MAM, 22/2/1883, p.2. Greenhill, a candidate in the March 1883 election, also noted the animosity between Patterson and Bent.
103 MAM, 4/9/1885, p.2. Service was of the opinion that country areas should share in the government expenditure on workshops.
104 Ballarat was also a contender for the establishment of railway workshops.
105 MAM, 4/9/1885, p Patterson warned the deputation that their aims might not be fulfilled because Service ‘possibly felt a delicacy in dealing with this question because it was in his own constituency’.
An already depressed local economy experienced further, albeit brief, hardship following the collapse of the Oriental Bank. A number of gold mines were unable to continue their operations, or pay their employees, as their working capital was deposited in the bank. Many local business firms had paid their employees in Oriental bank notes which were subsequently not accepted by shopkeepers. After a brief flurry of local panic, the Bank of Australasia issued certificates in lieu of the bank notes.

**GOLD**

In 1880 local miners anticipated that Castlemaine would share in the mining revival experienced by Bendigo, Ballarat, Stawell and Maldon. Local miners, confident of the diamond drill’s ability to discover rich new leads, obtained one drill from the government.

A shortage of sluicing water remained a problem for the mining industry until the extension of water races in 1883 (Appendix 4). Matthews deplored the lack of capital to explore the region’s deep leads. However, local investors had lost confidence after the heavy losses incurred in the ‘bubble’ mining company boom of the 1870s. Brough Smyth also commented on the absence of capital expenditure by

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106 MAM, 51511884, p.3; 6/511884 p.2. The leading bank in China and India, the Oriental Bank was affected by the failure of its agencies in Ceylon, Honolulu, and Mauritius. Depositors believed the Bank of England would guarantee the payment of the paper currency as the Oriental Bank was a chartered institution. A total amount of £75 000 was deposited in the Oriental Bank branches at Castlemaine, Chewton and Newstead. Many local depositors had transferred money from other banks in the region, offering an interest rate of only four per cent, to the Oriental which paid six per cent.

107 MAM, 25/5/1885, p.2. The mining companies were the Town Reef, Forest Creek Wattle Gully, and Newstead Loddon Leads Co.

108 MAM, 5/5/1884, p.3. In desperation workers sold £1 notes to certain avaricious Castlemaine shopkeepers for sums ranging from 5 to 19 shillings.

109 MAM, 5/5/1884, p.3; 615/1884, p. 715/1884, p.3; 16/5/1884, p.2. The Bank of Australasia took over the affairs of the Oriental Bank. The following were amongst the depositors of the Oriental Bank: Castlemaine Borough Council, Chewton Borough Council, Thomson’s Foundry, Fitzgerald Brewery, Castlemaine Woollen Mill, Ajax and Thornhill Reef Gold Mining Co., Odgers Timber Yards, Castlemaine Benevolent Asylum, and the Post and Telegraph Office. Many Chinese had also deposited their savings in the bank.

110 MAM, 23/8/1881, p.2. There is no indication of the success of the diamond drill sent to Wattle Flat, Chewton. MAM, 4/811884, p.2; 15/8/1884, p.2. In 1884 the government decided against the use of public funds for the exploration of new mining leads and limited the use of the drill to seven established mining districts. The use of the drill in seven mining districts was estimated to cost the government £25 000 per annum.

111 MAM, 21/6/1882, p.2
investors in the Castlemaine gold mines. The quartz crushing batteries and appliances for the extraction of gold and pyrites, used in ‘almost every Castlemaine mine’, lagged twenty-five years behind those of Bendigo and Ballarat.¹¹²

Brough Smythe reserved his complimentary remarks for Yeats Pyrites Works. Established in 1868, the Pyrite Works was ‘one of the most important and prosperous industries in the district’.¹¹³ A major function of the industry was the roasting of pyrites for the extraction of gold.¹¹⁴

**THOMPSON’S FOUNDRY**

Evidence suggests that the foundry derived benefits from a government decision of 1870 which reserved railway contracts for Victorian manufacturers.¹¹⁵ Further benefits came from the extensions of railway lines in the early 1880s.¹¹⁶ Parsons argues that Government contracts were of more benefit to Victorian manufacturers than the 1871 tariff. These contracts gave domestic manufacturers opportunities for specialisation, technical innovation, and capital accumulation.¹¹⁷

An increase in the foundry’s range of products illustrates the point that Parsons is making.¹¹⁸ Product diversification included irrigation pumps, hydraulic

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¹¹² MAM, 23/10/1882, p.3. A mining engineer, Brough Smyth had earlier prepared a comprehensive report on the goldfields for the government.

¹¹³ MAM, 23/10/1882, p.3.

¹¹⁴ MAM, 5/12/1881, p.3; 21/6/1884, p.2. Yeats extracted 267 ounces of gold from 148 tons of pyrites over a three months period in 1881. Arsenic, paint and ‘Yeats Nelson Knife Polish’ were remunerative by-products of the pyrite roasting process. Arsenic was exported to England where it fetched £10 per ton. Two hundred tons of arsenic were stored at Yeats factory in 1884.


¹¹⁶ MAM, 18/9/1880, p.2; 30/7/1881, p.2; 2/8/1881, p.2; 20/1881, p.2; 13/1/1882, p.2; 20/4/1882, p. 20/10/1882, p.2; 25/10/1883, p.2. Thompson’s railway contracts included points and crossings, locomotive cylinders, semaphores, and girders for railway bridges. The foundry’s need to work ‘night and day’ on the manufacture of railway crossings indicates the magnitude of the contract. An increasing number of railway contracts necessitated the clearance of obsolescent machinery from the old flour mill in 1881 and its replacement by new engineering machinery.


¹¹⁸ MAM, 2/8/1881, p.2.
equipment, large-scale mining equipment and a medal-making machine.\textsuperscript{119}

\textbf{CASTLEMAINE WOOLLEN MILL}

Despite a high level of protection, the profits of every woollen mill in the colony were affected in 1884 by competition from imports of cheap cloth. The Castlemaine mill experienced a similar problem when falling sales in 1884 followed two successive years of profitability (Table 4.5). A statement by am, the Managing Director, that ‘excessive, cheap imports have affected profits’, indicates the mill’s susceptibility to overseas competition.\textsuperscript{120}

A shortage of capital prevented the importation of expensive, modern machinery which would give opportunities for the achievement of the productivity similar to overseas competitors. The continued use of highly paid hand-labour, while it provided local employment opportunities, did little to generate further profits.\textsuperscript{121}

Nor could the Castlemaine mill afford machinery which would enable it to capture the domestic market for high quality tweeds and shawls. These fabrics, with the potential to generate higher profits, were imported from England. The mill had no alternative but to continue with the use of hand-labour in the production of its staple lines, flannels and blankets.\textsuperscript{122}

\begin{footnotesize}
\textsuperscript{119} MAM, 5/8/1880, p.2; 1/9/1880, p.2; 21/10/1880, p.2; 29/7/1882, ‘p.2; 8/2/1883, p.2; 24/11/1883, p.2. Growing interest in irrigation led to the manufacture of pumps and appliances. The 1880 Melbourne Exhibition provided an opportunity for the foundry to demonstrate its design expertise. A press, the largest of its kind in Australia, was designed to produce medals for the Exhibition. The 5 ton press was capable of striking medals between and 6 inches in diameter.

\textsuperscript{120} Sinclair, ‘The Tariff and Economic Growth’, p.83. Sinclair indicates the difficulties experienced by Victorian manufacturers following a fall in world prices during the ‘Great Depression’ in England and Europe in the early 1880s. Because the high tariff confined sales to a small domestic market, Victorian mills were unable to compete with overseas competitors who not only practised economies-of-scale, but also benefited from a fall in wages during the depression. MAM, 7/2/1884, p.2. The mills at Geelong and Ballarat were in financial difficulties in 1884 while the Melbourne Woollen Company was on the verge of closing.

\textsuperscript{121} Labour costs were higher in Victoria because of the inflationary pressure of the tariff.

\textsuperscript{122} MAM, 8/2/1881, p.2. Matthews commented that, as Australia grew the finest wool in the world, fine cloth should be manufactured domestically. It was ‘ridiculous’ to pay a duty on fine cloth as well as shipping and insurance costs to, and from, England.
\end{footnotesize}
### TABLE 4.5

Six-monthly Reports by Directors of the Castlemaine Woollen Mill

1880-1884

<table>
<thead>
<tr>
<th>Date of Directors’ Meeting</th>
<th>Dividend</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 1880</td>
<td>%</td>
<td>£ 283.71</td>
</tr>
<tr>
<td>July 1880</td>
<td>Nil</td>
<td>£1 180.00</td>
</tr>
<tr>
<td>February 1881</td>
<td>Nil</td>
<td>N/A</td>
</tr>
<tr>
<td>August 1881</td>
<td>Nil</td>
<td>£279.156</td>
</tr>
<tr>
<td>February 1882</td>
<td>Nil</td>
<td>£146.161</td>
</tr>
<tr>
<td>August 1882</td>
<td>8</td>
<td>£1 659.00</td>
</tr>
<tr>
<td>February 1883</td>
<td>Nil</td>
<td>£404.121</td>
</tr>
<tr>
<td>August 1883</td>
<td>8</td>
<td>£1 197.130</td>
</tr>
<tr>
<td>February 1884</td>
<td>Nil</td>
<td>£287.00</td>
</tr>
<tr>
<td>August 1884</td>
<td>N/A</td>
<td>N/A *</td>
</tr>
</tbody>
</table>

* The only report of the August 1884 meeting is a statement by the Chairman that the ‘commercial depression’ in the trade over the preceding six months had intensified.

Source: *Mount Alexander Mail*, Castlemaine, 2/2/1880, p.2; 24/7/1880, p.2; 8/2/1881, p.2; 2/8/1881, p.3; 7/2/1882, p.2; 8/8/1882, p2; 27/7/1883, p.2; 7/8/1883, p.2; 5/2/1884, p.; 12/8/1884, p.2,
The mill’s economic situation exemplifies Serle’s comments in relation to the tariff. Serle maintains that the inflationary pressures of the tariff caused a rise in wages. A small, protected domestic market provided no opportunities for the use of economies-of-scale in the production process.\textsuperscript{123}

FITZGERALD’S BREWING AND MALTING COMPANY

The purchase of a further brewery in South Melbourne was followed by the conversion of Fitzgerald’s Sydney brewery into a limited liability company in 1881. Matthews commented that the threefold over-subscription of shares indicated ‘...the soundness of the business’.\textsuperscript{124}

CUNNACK’S TANNERY

Neither the stock tax nor the high incidence of damaged hides appear to have disadvantaged the tannery. Leather was exported to England on a regular basis. Orders, taken at the Calcutta Exhibition, were sold at a price which allowed Cunnack to compete with international suppliers.\textsuperscript{125} After noting the low wages and high degree of skill of Indian curriers, the Mount Alexander Mail remained confident of the tannery’s future trade opportunities in that country.\textsuperscript{126}

CASTLEMAINE QUARRIES

Unlike other Victorian industries, quarries received a modest level of tariff protection (Table 4.3).\textsuperscript{127} Large quantities of polished granite were exported to Sydney by the Harcourt Granite Quarry in the early 1880s.\textsuperscript{128} One drawback to exports was the disparity in freight charges

\textsuperscript{123} Serle, The Rush to be Rich, p.76.
\textsuperscript{124} MAM., 25/12/1880, p.2; 11/11/1881, p. 28/3/1881, p.2. The local brewery was known as ‘Fitzgerald and Newman’s Brewery’ after James Newman became a partner in the business in 1880. There are no reports of the Standard Brewery at Campbells Creek in the MAM from 1880 - 1884.
\textsuperscript{125} MAM., 1/3/1881, p.2; 21/10/1882, p.2; 18/8/1883, p.2; 14/2/1884, p.2. Cunnack was awarded several first prizes for harness, belt and shoe leather at the 1880 Melbourne Exhibition while a bale of export suede was awarded a bronze medal at the Amsterdam Exhibition in 1883.
\textsuperscript{126} MAM, 28/1/1884, p.2.
\textsuperscript{127} MAM, 27/5/1884, p.2. The Castlemaine Paving Company, established in 1857, was described as the ‘premier paving company in the colony’. Some 44 employees were engaged in the manufacture of hearthstones, baths, steps etc.
\textsuperscript{128} MAM, 26/9/1882, p.2. A low tariff might have been responsible for the granite quarry’s ability to compete on the New South Wales market.
between polished and unpolished granite. According to Patterson MLA, the high cost of exporting polished granite amounted to ‘a protective tariff in favour of New South Wales’.\textsuperscript{129}

**SOCIAL WELFARE IN CASTLEMAINE**

Local welfare needs of the aged appear to be high, particularly in 1880-1881.\textsuperscript{130} Already over-full (Table 4.6), the Castlemaine Benevolent Asylum reluctantly refused admission to all but permanent residents following a fall in local donations, and a reduction in government funding.\textsuperscript{131} Statistics of the Ladies’ Committee of the Asylum indicate an increase in the number of families needing ‘outdoor relief’ (Table 4.7).\textsuperscript{132}

**CONCLUSION**

Several factors appear responsible for the emergence of a more harmonious political scene after 1881. These include a widening of the franchise for the Legislative Council, fewer budget deficits, a more buoyant economy, and increased financial and construction activity in Melbourne.

\textsuperscript{129} MAM 26/9/1882, p. 29/9/1882, p. 15/11/1882, p 31/8/1883, p.2; 519/1883, p 12/9/1883, p.2. Railway freight costs were 1 pence per ton per mile for rough granite and 7 pence for polished granite. Thomas Bent, Minister of Railways, agreed to Patterson’s request for a reduction in the freight on polished granite. Patterson, Pearson and Zeal subsequently mounted an unsuccessful campaign for the use of Harcourt granite in the construction of the new Parliament House. The Melbourne Age commented on the, ‘two magnificently polished columns’ of granite which Patterson had arranged to be displayed in the hall of Parliament House. Sandstone from the Stawell district was eventually used for the Parliamentary building. After listening to Patterson speaking in Parliament in support of Harcourt granite, the Melbourne correspondent of the MAM commented that Patterson worked harder than any other politician in support of his electorate.

\textsuperscript{130} Pioneers and Old Residents Association Collection, Minute Book, Cat. No. 168, p. 1 18. Concern over the plight of elderly members prompted the distribution of a small weekly allowance to needy members over the age of 65 years.

\textsuperscript{131} MAM., 14/1/1881, p. 8/4/1881, p.2; 10/5/1881, p.2. The only institution of its kind within a 25 mile radius, the Castlemaine Asylum attracted aged poor from neighbouring regions. Matthews.’ solution to the problem of aged itinerants was the establishment of workhouses.

\textsuperscript{132} MAM, 7/10/1880, p.2; 7/7/1881, p. 9/1/1882, p. 15/2/1882, p. 28/9/1882, p.2. Six families were ‘reluctantly’ refused aid in 1881, while five more were reduced to a donation of half rations. A ‘substantial’ number of elderly Chinese ex-miners were also given assistance in 1881.
TABLE 4.6

Expenditure of Castlemaine Benevolent Asylum
1880-1884

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Inmates</th>
<th>Cost per capita per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>94</td>
<td>£</td>
</tr>
<tr>
<td>1881</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1882</td>
<td>99</td>
<td>18.13.4</td>
</tr>
<tr>
<td>1883</td>
<td>98</td>
<td>17. 6.2</td>
</tr>
<tr>
<td>1884</td>
<td>89</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: Mount Alexander Mail, Castlemaine, 14/1/1881, p.2; 12/1/1883, p.2; 11/1/1884, p.3; 13/2/1885, p.2.
TABLE 4.7

Relief distributed by the Ladies’ Committee of the Castlemaine Benevolent Asylum 1880-1884

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Families</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>123</td>
<td>£459.19.11</td>
</tr>
<tr>
<td>1881</td>
<td>123</td>
<td>£550.16.11</td>
</tr>
<tr>
<td>1882</td>
<td>142</td>
<td>£540.9.1</td>
</tr>
<tr>
<td>1883</td>
<td>125</td>
<td>£542.4.6</td>
</tr>
<tr>
<td>1884</td>
<td>101</td>
<td>£397.3.11</td>
</tr>
</tbody>
</table>

Source: *Mount Alexander Mail*, Castlemaine, 7/7/1880, p.3; 14/1/1881, p.2; 12/1/1883, p.2; 5/7/1883, p.2; 9/7/1884, p.2.
Of further importance was a fall in Conservative hostility towards the tariff. Ingham indicates that most Conservatives and free-traders now saw the tariff as a more acceptable alternative to direct taxation.

Siriwardana and Patterson both note that the tariff encouraged employment in, as well as the growth of, the Victorian manufacturing sector. The 1883 Royal Commission on the Tariff, David Thompson, and Matthews all commented on this phenomenon. Studies by Siriwardana, and Sinclair indicate the disadvantages conferred by the tariff on the export sector. These disadvantages were pointed out to the Tariff Royal Commission by Castlemaine witnesses, Nicholl and Roberts.

Patterson contends that the accumulation of capital by skilled goldrush immigrants also contributed to the expansion of the manufacturing sector. This argument is supported by the experiences of certain Castlemaine industries. Fitzgerald’s Brewery, and Cunnack’s Tannery were successful enterprises established before the introduction of the tariff by goldrush immigrants who brought with them skills and experience. The initial funding for the foundry came from the flour mill, previously owned by the Thompson brothers who were both goldrush immigrants.

While Serle concedes that the tariff stimulated ‘certain’ industries, he attaches considerable importance to ‘natural protection’. Serle overlooks the existence of a climate of ‘natural protection’ before the introduction of the tariff. The ‘natural protection’ theory is not supported by the findings of the Tariff Royal Commission, nor the studies by Siriwardana, Sinclair, and Patterson.

Evidence given before the Tariff Royal Commission leaves no doubt that the tariff provided opportunities for local employment, particularly for females. However, an
increase in social welfare needs, efforts to capture infrastructure projects, and comments by Matthews all suggest that the tariff failed to alleviate the high level of local unemployment. It is also clear that Castlemaine, like many other rural centres, did not share in the rising prosperity of the colony.
CHAPTER 5
1885-1889

The Service-Berry Coalition government, together with its successor in 1886, the Gillies-Deakin Coalition, presided over an era of political calm and economic prosperity. The question arises of how two parties, holding widely differing views in the 1.870s, were able to function successfully as a coalition. Two factors appear to be responsible for this phenomenon. These were the acceptance of the policy of protection by most Conservative politicians, and their perception of the need for state intervention in the colony’s economy. The removal of these two obstacles played an important role in the Coalition’s ability to function on a basis of compromise.

Serle points out that protection was now accepted by the majority of politicians. By the late 1880s, more than four-fifths of the Legislative Assembly described themselves as ‘protectionists’. Most supported the belief that public works and artificial state support were vital for the promotion of settlement, a larger population, and the provision of employment.1 Loveday and Martin attribute the homogeneity of the coalition governments of the 1880s to increased prosperity. Improved economic conditions not only eased tensions, but also encouraged a more pragmatic approach to politics.2

As noted earlier (Chapter 4), ‘State Socialism’ was firmly entrenched by 1880.3 Writing at a time when few studies4 had been made of the tariff, Eggleston attributed State

1 Serle, The Rush to be Rich, p.25. As well as building railway lines, the government subsidised mining and agriculture, owned and operated the telegraph system, provided public works; and supported the shires and municipalities.
2 Loveday and Martin, ‘Colonial Politics Before 1890’, p31. Turner, A History of the Colony of Victoria, pp.261—63. Turner remarks on the speculative fever which gripped Melbourne in 1887—1888. Large fortunes had been made by early Victorian investors in tin, copper, and gold mines in Tasmania and in the silver mines of Broken Hill. ‘Still larger’ fortunes had been made on the Stock Exchange from speculation in city property and real estate.
3 Serle, The Rush to be Rich, p.25. Serle attributes ‘State Socialism’ to an insufficient amount of private capital for the provision of major infrastructure projects.
intervention in the Victorian economy to fear of unemployment. Eggleston indicates the difficulties facing new colonies. Fluctuations in economic activity are not uncommon in new countries, particularly if they are situated a long distance from world markets. Victoria, like other colonies, attempted to relieve unemployment by development work in the absence of the poor laws of Britain. Eggleston bases his hypothesis on a study of various developmental works ‘undertaken by the Victorian government in reaction to economic crises dating from the 1850s.\(^5\) No attempt has been made to assess linkages between tariff increases and the need for government revenue. Eggleston’s only mention of the tariff is his statement that it was initially introduced as a measure to provide employment.\(^6\)

Patterson’s study indicates that almost all tariff increases were preceded by economic recessions. Patterson does not support the notion that tariffs were increased for the sole purpose of creating jobs in secondary industries. Instead, he links tariff increases with the government’s need of capital for development projects.\(^7\)

Ideological divisions within the Coalition were now less obvious due to a more general acceptance of the tariff. The more progressive, and perceptive, Conservatives adopted a pragmatic stance after realising the futility of opposing measures which had popular appeal. Some Conservative politicians,’ usually those with mining or small mercantile interests, were now more willing to reach agreement with the Liberals. According to Ingham, they opposed the stance of their more reactionary colleagues who represented pastoral, banking and the larger mercantile interests.

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\(^5\) The nature of trade cycles was ill-understood at the time of Eggleston’s study.

\(^6\) Eggleston, State Socialism in Victoria, p.29. Eggleston also includes the government’s response to the economic depression of the early 1890s following the collapse of the Land Boom. The government responded by intensifying protection, further land settlement, water conservation, and the creation of a strong agricultural department.

\(^7\) Patterson, The Tariff in the Australian Colonies, pp. 119-20. The exceptions were the tariffs of 1874, and 1877/1878 which were changed to correct anomalies. In 1886 and 1889 tariffs were increased in response to lobby groups representing manufacturers and their employees.
Likewise, a range of ideological differences existed within the Liberal party. Certain Liberal members disagreed with the radical opinions of fellow party members. Many of the radical Liberal politicians represented industrial constituencies which would later be won by the Labour party.\

La Nauze indicates that, by the 1880s, the arguments of the previous decade about democratic principles had ended with ‘some victories and some compromises’. Victorians now had other concerns. Manufacturers had won the battle for protection and were now more interested in the growth of their business establishments than in attacks on privilege. Workers, who had earlier been stirred by Berry’s rhetoric, were now aware that organisation and direct action were more likely to secure improved working conditions and wages.

Real wages increased and unemployment was minimal by the mid-1880s in a period of general labour shortage. However, not all workers shared in the new era of prosperity. In 1884 an important gain was made by workers when legislation removed a former impediment to the workers’ right to strike. Passed by a reluctant Legislative Council in 1885, Service’s Bill sought to replace the punitive Masters and Servants Act.

Though parts of the rural sector felt disadvantaged, the 1880s decade was the most prosperous period ever experienced by the colony. Victoria was less affected than other Australian colonies by the economic recession.
of 1886 which followed a slump in the price of wheat and wool. The financial interests of Melbourne entrepreneurs encompassed the pastoral districts of the Riverina and Darling Downs, silver, lead, tin and copper mines in Tasmania and Broken Hill and sugar plantations in Queensland and Fiji.14

Over £50m. of British capital flowed into Victoria in the second half of the 1880s. While some was used to rebuild the city of Melbourne15 and extend its suburbs, vast sums were used for non-productive purposes related to land speculation and investment companies. A high proportion of Melbourne’s speculative activity rested on a shaky edifice of credit.16

The Service-Berry Coalition instigated two important measures before its demise in 1886. These were the Mallee settlement scheme and the development of irrigation.17 Service’s major contribution as Premier was his crusade to involve the Australian colonies in the international arena and his instigation of the first sustained campaign for federal union.18

Before his resignation in February 188619 Service, together with Berry, Kerferd, and Deakin, laid plans for the reconstruction of the Coalition.20 Without making any announcement the government allowed Parliament to be dissolved in December 1885. An election was called for

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15 Serle, The Rush to be Rich, p.77. Melbourne’s increasing prosperity had attracted an influx of British immigrants. Melbourne’s population rose from 283 000 (33% of the colony’s population) in 1881 to 491 000 (43%) in 1891.
18 Geoffrey Serle, pp. 106-12 in ADB, Vol. 6, p. 109. Service not only supported the efforts of the Premier of Queensland, Sir Thomas Mcllwraith, to annex New Guinea, but also used the French threat to annex the New Hebrides to force a federal ‘convention’ in Sydney. MAM, 19/4/1886, p.2. His international contribution was also recognised by Matthews, Editor of the Mount Alexander Mail who believed that Service had ‘...risen above the level of the politician into the region of statesmanship’.
19 Serle, ADB, Vol. 6, p. 110. Service returned to politics in June 1888, this time in the Legislative Council.
March 1886 and, after a re-grouping of the Liberal Party, Alfred Deakin was elected as its leader. Deakin was immediately challenged by the left wing of the Party composed of members prominent in the former National Reform and Protection League, now known as the National Liberal League.21 The Liberals also faced electoral danger from disaffected supporters from goldfields towns who had joined the Decentralisation League.

Founded in Bendigo in 1885 by J.H. Abbott, the Decentralisation League sought an increase in government expenditure for provincial towns.22 Following the initial Bendigo meeting, a large number of Castlemaine businessmen called on the Mayor to form a similar organisation.23 Patterson attended the initial meeting at which dissatisfaction was expressed over the government’s decision to establish railway workshops in Melbourne. Patterson agreed that country towns were languishing at a time when Melbourne’s economy was flourishing. Councillor James warned that a ‘country party’ would be formed to protect the interests of country districts in the forthcoming election.24 The Mount Alexander Mail pointed out that, while the League had some ‘stout arguments’, it ignored the fact that Melbourne commanded over one-third of the colony’s voting power.25

Patterson was accused of throwing a ‘wet blanket’ over the aims of the League on the basis of his modest donation towards its funds.26 Many residents believed Service and Patterson had not pursued the interests of Castlemaine with sufficient vigour over the railway workshops issue. Matthews reminded the electorate that Patterson’s efforts on behalf of his constituents were so frequent they

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21 Serle, The Rush to be Rich. p.41. The main platform of the National Liberal League comprised tax reform, higher protection, electoral reform and the abolition of land tax.
23 MAM, 10/10/1885, p. 12/10/1885, p.
24 MAM., 20/10/1885, p.2. The Premier, Service, and William Zeal MLC apologised for their absence at the meeting.
25 MAM., 12/5/1886, p.3.
26 MAM, 1/12/1885, p.2. Patterson’s cheque of £1. 10.0 was rega mere ‘patronage’.
brought cries from the Opposition of ‘O! here’s the Great Centre again’.\(^{27}\)

After a year of intense activity, the local branch of the League abandoned its attempt to attract the railway workshops. Remarking that the League had ‘gone to sleep,’ Matthews pointed out that the Railway Commissioners were the final arbiters of the workshop site.\(^{28}\)

Service delivered a farewell address to his Castlemaine electorate before the election. He criticised the Decentralisation League’s ‘vague’ policy, aimed solely against the establishment of railway workshops in Melbourne. Service pointed out that country areas had received three times the amount of government funding than that allocated to Melbourne over the past ten years.\(^{29}\)

Deakin, now Liberal Leader and Chief Secretary, selected most of his Liberal Ministers\(^{30}\) from the radical politicians who had earlier opposed the continuation of the Coalition. This shrewd move was aimed at overcoming any anti-Coalition electoral danger emanating from the goldfields.\(^{31}\) The Coalition was returned to power with Gillies as Premier and leader of the Conservatives, with many electoral gains made by Independents committed to the Decentralisation League.\(^{32}\)

A speech by Patterson suggests that he was prepared to join either party. Noting the waning ideological divisions between the two political parties, Patterson foresaw a time when the party terms of ‘Liberal’ and

\(^{27}\) MAM, 1/9/1885, p.2.
\(^{28}\) MAM, 1/9/1885, p.2; 1/12/1885, p.2; 21/12/1885, p.2; 7/1/1886, p.2; 19/1/1886, p
25/1/1886, p.2; 6/5/1886, p.2; 20/5/1886, p.2; 19/7/1886, p.2. With the exception of Geelong and Echuca, most of the drive for decentralisation came from the goldmining districts. These included Castlemaine, Creswick, Bendigo, Ballarat, Ararat, Avoca, Eaglehawk, Stawell and St. Amaud.
\(^{29}\) MAM, 14/1/1886, p.2. The Decentralisation League was active in Castlemaine both before and after the 1886 election.
\(^{30}\) La Nauze, Alfred Deakin, p.88. Deakin chose Charles Pearson, his earlier mentor and a former member for Castlemaine, as Minister of Public Instruction (Education).
\(^{31}\) La Nauze, Alfred Deakin, 1965, p.88
\(^{32}\) Serle, The Rush to be Rich, pp.41-2. Serle believes Deakin unsuccessfully approached Patterson. Patterson was aiming for ‘the Premiership or nothing’ and hoped to rally the discontented of both parties. Duncan Gillies subsequently became leader of the Conservatives in the Coalition. Chapter IV contains the aims of the Decentralisation League.
‘Conservative’ would have little meaning. Since the Melbourne Argus indicated that Patterson was intent on ‘moving up the firmament’, it is possible Patterson chose to present himself as an acceptable candidate to either party. The Argus noted that efforts had been made to appoint Patterson, instead of Deakin, as Liberal leader. It was also claimed that the Governor had been asked to appoint Patterson, instead of Gillies, as Premier.

Service’s resignation had left a vacancy in the Castlemaine electorate which was challenged by six candidates in the 1886 election. After describing himself as a ‘moderate Liberal’, Gordon promised to support the mining industry. Patterson criticised the insidious effect of the escalation of government subsidies. Quoting no specific instances, Patterson claimed that government aid was not always as economically effective as private enterprise. Hannibal Rowe, a Conservative free—trader and local mining magnate, indicated his final acceptance of the tariff. He believed it would be ‘almost sacrilege to disturb the many industries now established’.

Rowe’s comments illustrate Ingham’s contention that most Conservatives with mining interests had now taken a more pragmatic attitude towards the tariff. Rowe had indicated his opposition to the tariff in 1876 (Chapter 3), when President of the Castlemaine Free Trade League. Gordon’s affiliation with the mining industry would have placed him on the Conservative side of politics in the previous decade.

33 MAM, 23/1/1886, p.2.
34 MAM., 20/1/1886, p.2. These comments by the Melbourne Argus, and the Age, were reprinted by the MAM. The Age called Patterson ‘a prominent politician who was aspiring to a foremost place in the party combination of the future’.
35 MAM, 23/2/1886, p.2. The challengers for Service’s seat were: Hannibal 0. Rowe, William James Sutherland, Gordon, a mine-owner from Taradale, and Britton, Henry, House, and Templeton. Research has failed to uncover information about the latter four candidates.
36 MAM, 261211886, p.2
37 Eggleston, State Socialism in Victoria, pp.283-293. Assessing the economic effect of ‘State Socialism’ fifty years after Patterson’s speech, Eggleston found ‘little positive (economic) benefit’. As an alternative, Eggleston favours the use of ‘co-operative and social methods’ instead of a policy of ‘stark’ laissez-faire.
38 MAM, 16/2/1886, p.2.
39 MAM., 23/2/1886, p.2.
The two successful candidates, Patterson and Gordon, took their seats on opposite sides of the Legislative Assembly. Gordon joined the Ministerial back bench\textsuperscript{40} while Patterson occupied a seat in the Opposition ‘corner’.\textsuperscript{41}

In 1886 Patterson joined a group of politicians outside the Coalition. Not a formal political party, the newly-established Country Party included politicians from country electorates as well as representatives of the Australian Natives’ Association.\textsuperscript{42} Serle remarks that this group was strong enough to provide an alternative to the Ministry.\textsuperscript{43} Dissatisfied with the high level of protection afforded manufacturers, members of the Country Party sought protection for all agricultural products. Also sought was the abolition of all duty on imported products used by farmers.\textsuperscript{44} The Country Party was also concerned over a proposed re-alignment of electoral boundaries with the potential to reduce the number of rural politicians.\textsuperscript{45}

A further group representing rural interests, the Victorian Farmers’ Protection Society, was established at this time. Any link between the two organisations, both possessing identical aims, has been difficult to determine.

\textsuperscript{40} MAM, 17/3/1886, p.3.
\textsuperscript{41} MAM, 6/3/1886, p.2. The 1886 election results were as follows: Britton 265, Gordon, 899, Henry 547, House 169, Patterson, 1215, Rowe 392, Templeton 387.
\textsuperscript{42} Ulrich Ellis, A History of the Australia,, Country Party, Melbourne University Press, Melbourne, 1963, p. 13. This political group does not appear to be the progenitor of the Australian Country Party which originated in New South Wales in the early 1890s and spread to Victoria in 1892. Ellis makes no mention of the Victorian Country Party of the 1880s. MAM, 26/6/1886, p.2. The new Victorian Country Party was established after a meeting of 20 parliamentarians who represented the ‘small goldfields and commercial towns’. It was decided that political representatives from Melbourne, Bendigo, Ballarat and Geelong would be excluded from the Party. Members would only be invited from ‘...purely agricultural, grazing, and mining electorates’.
\textsuperscript{43} Serle, The Rush to be Rich, p.42.
\textsuperscript{44} MAM, 17/5/1888, p.2; 22/5/1888, p.2; 14/6/1888, p.3. Patterson, The Tariff in the Australian Colonies, pp.95-6. The Country Party wanted an increase on the duty on stock (alive or dead), green and dried fruits, hops, jams, malt, imported tobacco, all grains, and sparkling and other wines. The new party also wanted the abolition of duty on chocolate, coffee, matches, and kerosene. Some of these requests were granted by the government at the time when the tariff on certain items was increased in 1889. The duty was also removed on cocoa, coffee, and kerosene.
\textsuperscript{45} MAM, 517/1888, p.3. At a meeting on the 4/7/1888, the Country Party resolved ‘That this meeting is of the opinion that the proportion of representation at present subsisting between the metropolitan and the country districts should be maintained’.
A deputation from the Farmers ‘ Protection Society sought support from the Melbourne Chamber of Manufacturers in pursuit of increased agricultural protection. James Coldwell, President of the Society, informed manufacturers that, having assisted manufacturing interests to obtain protection, farmers were justified in asking for a quid pro quo. Coldwell’s request was not well received. Manufacturers decided ‘...that this Chamber, whilst taking a deep interest in the prosperity of the farmers, cannot support a policy calculated to increase the price of bread and meat’. 46

The stock tax was not only unpopular with Victorian meat consumers, but also with New South Wales farmers. While Victorian farmers agitated for a higher tax, their counterparts across the border were engaged in retaliatory action against Victorian agricultural produce. 47

Pressure from the Country Party and the Farmers’ Protection Society led to a motion in the Legislative Assembly calling for an increase in the stock tax from five shillings to £1 on fat stock. This proposal was defeated after intense debate in the Legislative Assembly. 48

The stock tax issue had the potential to destabilise the Coalition as farmers were marshalling their forces for political pressure. By August 1888 there were two hundred branches of the Victorian Farmers’ Protection Association, each possessing an average of fifty members. Farmers opposed the ‘molly-coddling’ of manufacturers and their eight-hour workmen. They not only wanted a stock tax, but they also resented the tax on rural land, one which did not apply to urban properties.

46 The Chamber of Manufacturers was no doubt well aware of the inflationary pressure on wages arising from higher agricultural tariffs, MAM, 27/6/1888, p.2; 23/12/1889, p.2. The high cost of bread prompted the formation of the Castlemaine Co-operative Baking Company.
47 MAM, 16/8/1888, p.2 17/8/1888, p.3. One Victorian parliamentarian estimated that retaliatory measures by New South Wales could cost Victorian farmers a total of £1.5m.
48 VPD, Vol. LVIII, 11/9/1888, pp. 1017-47. Patterson and Gordon both opposed an increase in the stock tax. Patterson’s stance is interesting, considering his membership of the Country Party. Perhaps Patterson was aware of the hostility of his electorate towards the tax.
But Gillies had an important reason for his rejection of the stock tax. A supporter of Federation, Gillies was engaged in the promotion of a spirit of harmony between the colonies. In order to avoid a rural backlash, Gillies gave the rural sector substantial agricultural subsidies.49

Little work has been conducted on the economic effects of nineteenth century agricultural subsidies in Victoria although Glezer indicates that, the use of ‘all-round’ protection in the mid twentieth century was not a ‘new political formula’ in Australia.50 Gruen’s study of the use of all-round protection by the Federal government in the 1950s and 1960s indicates that the agricultural sector was awarded subsidies as compensation for the high level of tariffs on manufactures. According to Gruen, it was used to retain the electoral support of the agricultural sector.51

Gruen rejects a return to the *laissez-faire* ‘purity’ of nineteenth century England. As an alternative, he suggests the use of a modest level of agricultural protection to counteract the protection of secondary industry. This level should vary for each agricultural industry, depending on the alternative uses of the particular primary industry’s resources.52

Further rural hostility was aroused by Gillies’ proposal for a re-alignment of electoral boundaries on the basis of population numbers. Country voters believed that this proposal would lead to a further concentration of prosperity in Melbourne at the expense of the rural sector.53

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49 Serle, *The Rush to be Rich*, pp.319-21. With future federation in mind, Gillies was proposing to review, or eliminate, the duties on many products from other colonies. MAM, 13/9/1888, p.2. To placate the rural sector, Gillies increased the duties on oats and barley.


53 MAM., 23/8/1888, p.2; 1/9/1888, p. 251/1888, p.2; 2/10/1888, p. 21/1888, p.2. Zeal and Patterson both opposed any change in electoral boundaries. Zeal, who was re-elected in September 1888, remarked that it would ‘… throw undue power into Melbourne seats’. The new boundaries increased the number of constituents in the Castlemaine electorate with no conesp increase in the number of political representatives.
Shortly after the introduction of new electoral boundaries, Patterson caused a sensation by announcing his resignation from the Opposition.\(^{54}\) It was rumoured that Patterson was ‘coquetting’ with free trade politicians who were planning the formation of a third party.\(^{55}\)

A general election was called in March 1889 in which the stock tax became the major issue. Although popular with stock farmers, any increase in the tax was vigorously opposed by those who used, or consumed, animal products. Patterson and Gordon’s electoral campaigns were aimed at the protection of Castlemaine’s industrial sector from the burden of the stock tax. Patterson claimed that a higher tax would confer considerable damage on the local tanning, soap and candle industries, all of which depended on fat stock for the source of their raw material. A higher tax would not only increase the price of meat but ‘exasperate our neighbouring colonies’. Gordon opposed an increase on the grounds that Castlemaine was a consumer, not a producer, of stock.\(^{56}\) No increase in the stock tax was implemented following the return of the Gillies-Deakin Coalition in 1889.\(^{57}\)

Gordon and Patterson both retained their seats and Gordon took a seat on the third bench of the Coalition.\(^{58}\) Matthews pointed out that a fall in support for Patterson was most likely due to the latter’s recent stance on the Local Option issue (Appendix 6). The politically agile Patterson, who had earlier informed his electorate that he ‘was no party man’, was given the portfolio of Trade and Customs.\(^{59}\)

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\(^{54}\) MAM, 27/10/1888, p.3. Patterson was unhappy over the tactics used by some Opposition members during the Electoral Bill debate.

\(^{55}\) MAM, 20/9/1888, p.2. There is no mention in the MAM that Patterson’s ‘new party’ was aligned to the Country Party.

\(^{56}\) MAM, 15/3/1889, p.2; 2313/1889, p.2. Gordon’s statement was correct; few sheep were raised in the Castlemaine region. Two local industries, Cunnack’s tannery and the Guildford Soap and Candle factory, depended on sheep products.

\(^{57}\) Margot Beever, pp.250-52 in ADB, Vol. 4, pp.251-52. Gillies was Treasurer as well as Premier.

\(^{58}\) MAM, 29/3/1889, p.2; 29/3/1889, p.2; 10/4/1889, p.3. Electoral results were as follows: Patterson 1500, Gordon 1376, and Oliver 1220 votes.

A short time after Patterson’s appointment, bonuses were awarded to various rural industries in an attempt to foster exports.\textsuperscript{60} Sinclair points out the urgent need of alternatives to replace a fall in Victoria’s traditional exports of gold and wool.\textsuperscript{61}

Gillies anticipated a surplus of £1.7m in the 1890 budget following the return of a further surplus in the previous year (Table 5.1).\textsuperscript{62} These expectations led to the borrowing of £5.6m from British sources for a further expansion of railway lines. Service, now a member of the Legislative Council, queried the wisdom of Gillies’ decision. With the economy experiencing economic boom conditions, Service’s warning was ignored.\textsuperscript{63}

**THE CASTLEMAINE ECONOMY**

Castlemaine, like many other rural regions, failed to share in the rising prosperity of Melbourne. Many residents, particularly those in the mining industry, left Castlemaine to seek work in Melbourne.\textsuperscript{64} Macintyre comments that Castlemaine had ‘lost its vitality’ by the 1880s.\textsuperscript{65} Butlin indicates that Castlemaine’s decline between 1871 and 1891 was in contrast to the ‘modest expansion’ of certain other regions.\textsuperscript{66}

\textsuperscript{60} MAM, 12/10/1889, p.2. This took the form of bonuses worth £250000 for producers of wine, dairy products, fruit, and inventions of agricultural machinery. NT. Drane, ‘Development of Dairying’, pp. in NT. Drane and HR. Edwards, (eds.), The Australian Dairy Industry: An Economic Study, F.W. Cheshire, Melbourne, 1961, p.31. The dairy industry bonus, together with the new technology of marine refrigeration, proved spectacularly successful in stimulating butter exports. Butter exports rose from £3 650 in 1890 to £750 000 in 1893.

\textsuperscript{61} W.A. Sinclair, Economic Recovery in Victoria 1894-1899, Australian National University, Canberra, 1956, p.4. Pastoralists were over-stocked following a high level of overseas borrowing. Sinclair maintains that minimal returns on this investment, together with massive overseas borrowing to finance the Victorian construction sector, contributed to the ‘Great Depression’ of the 1890s.

\textsuperscript{62} Patterson, The Tariff n the Australian Colonies, p. 144. Instead of Gillies’ predicted surplus, the 1890 budget returned a deficit of £1 127 000. Beever, pp.250-52 in ADD, Vol. 4, p.251. Gillies was an inept Treasurer who ‘swam with the tide of the boom, building and borrowing freely in response to all sides of the House’.

\textsuperscript{63} MAM, 3/12/1889, p.2. In support of Service’s warning, Matthews pointed out that Victoria’s public debt was now £8m. more than in 1882.

\textsuperscript{64} Letter from G.W. Greenhill in MAM. 17/10/1886, p.2. Most of these emigrants were miners. Henry Heylyn Hayter, Victorian Year Book 1886-1887, Government Printer, Melbourne, 1889, p. The population of the Borough of Castlemaine had fallen to 6 000 in 1888.

\textsuperscript{65} Macintyre, A Colonial Liberalism, p. 171

\textsuperscript{66} Butlin, Investment in Australian Economic Development 1861-1900, p. 187. Butlin includes Castlemaine and Chewton in his examination of towns which had earlier been ‘leading centres of expansion’. Few former mining towns expanded after 1870 unless they made sustained industrial utilisation of agricultural products.
TABLE 5.1

General Revenue and Expenditure in the
Colony of Victoria 1885-1889

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue</th>
<th>General Expenditure</th>
<th>Deficit (-) or Surplus (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1885</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>1886</td>
<td>6 290</td>
<td>6 140</td>
<td>+150</td>
</tr>
<tr>
<td>1887</td>
<td>6 481</td>
<td>6 514</td>
<td>-33</td>
</tr>
<tr>
<td>1888</td>
<td>6 734</td>
<td>6 561</td>
<td>+173</td>
</tr>
<tr>
<td>1889</td>
<td>7 608</td>
<td>7 287</td>
<td>+321</td>
</tr>
<tr>
<td>1889</td>
<td>8 676</td>
<td>7 920</td>
<td>+756</td>
</tr>
</tbody>
</table>

Tradesmen, farmers, and businessmen met with the Castlemaine Borough Council in 1886 to discuss a ‘depression in trade’. This was attributed to lower gold yields (Table 5.2) and insufficient local capital for investment in new industries.67 Businessmen expressed their concern over the recent introduction of cheap rail fares which encouraged local residents to shop in Melbourne.68 Castlemaine’s plight aroused the sympathy of its old rival, Bendigo. The Bendigo Independent commented that ‘…the Castlemaine district had been shamefully neglected, though possessing most promising indications’.69

A severe flood in 1889 inflicted further damage on the depressed local economy. Two short tropical storms, the worst in living memory, deposited seven inches of rain on the Castlemaine region within the space of two days.70 Industries situated near Forest Creek, including the two breweries, the soap and candle factory and Cunnack’s tannery, incurred the worst damage71 while mining was severely affected for some weeks Every mine was flooded and silt deposits prevented sluicers from working near the water races or the main channel.72

GOLDMINING

Falling yields indicate that the region’s goldfields were almost depleted by 1886. Little alluvial gold remained and deep lead production continued to decline. Mining

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67 MAM, 3/12/1886, p.2. Farmers believed that a reduction in market fees would ease their financial situation. However, the Borough Council refused to declare Castlemaine a ‘free port’ for the sale of their goods, or reduce weighbridge charges. The Mayor indicated that the Market and weighbridge had contributed £350 to the Borough Council over the previous twelve months.
68 MAM, 21/9/1885, p.2. Cheap excursion fares had just been introduced which encouraged many country people to shop in Melbourne. To counter this situation, Patterson asked the Railway Commissioners to run excursion trains from Melbourne to the provinces. Matthews commented that Melbourne was ‘an octopus’.
69 MAM, 20/8/1886, pp.2-3. Attributing Castlemaine’s plight to the withdrawal of outside capital from mining, the Independent recommended ‘judicious’ gold prospecting. While the MAM (in the 1890s) reported some instances of British capital investment in local mines, difficulty has been encountered in determining the proportion of outside investment in the Castlemaine mining industry.
70 MAM, 1/1/1889, p.2; 3/1/1889, p.2; 9/1/1889, p. 4/2/1889, p.2; 7/2/1889, p.3. The nine who drowned included two miners who were working 247 feet underground in the Francis Ormond mine. Patterson’s popularity increased after he obtained financial assistance from the Acting Chief Secretary, Charles Pearson, for the recovery of the miners’ bodies.
71 MAM, 1/1/1889,p.2; 3/1/1889,p.2; 5111889,p.3.
72 MAM, 14/1/1889, p.2
TABLE 5.2

Gold Production in the Castlemaine Region

1885-1889

<table>
<thead>
<tr>
<th>Year</th>
<th>ozs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1885</td>
<td>8 385.05</td>
</tr>
<tr>
<td>1886</td>
<td>7 583.00</td>
</tr>
<tr>
<td>1887</td>
<td>4 199.65</td>
</tr>
<tr>
<td>1888</td>
<td>7 287.00</td>
</tr>
<tr>
<td>1889</td>
<td>6 123.00</td>
</tr>
</tbody>
</table>

Source: Compilations by C.E. Willman, Senior Geologist, Minerals Victoria, from Official Mining Department Quarterly and Annual reports, 1996.
investment of more than £200,000 over the previous ten years had yielded minimal returns.73

Local hopes had been raised by the passage in 1884 of the Mining on Private Property Act. This Act gave miners the right to prospect on private property, provided payment was made for surface damage.74 However, dissatisfaction soon arose over the unclear guidelines of the Bill. While the Act conferred benefits on a few miners, Patterson pointed out that it could bankrupt many mining companies.75

Certain events between 1885-1888 raised the expectations of the local mining community. In 1885 a London syndicate indicated its interest in purchasing the mines owned by Hannibal’ Rowe, and on the market for the past three years. However, the syndicate, which was prepared to invest the sum of £100,000 for deep lead exploration, did not pursue the sale.76 As an indication of the parlous state of local mining Rowe’s mines, worth £72,500 in the 1860s, were on the market for £7,250 in 1885.77

Noting the success of Bendigo’s deep leads, local miners sought a government subsidy to fund exploratory work but Gillies was not prepared to provide subsidies or diamond drills for established mining companies.78 Local mining entrepreneurs then decided to fund their own deep lead exploration association. At the initial meeting of the Castlemaine Town and District Deep Sinking Gold Mining

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73 Letter from Geo. W. Greenhill in MAM, 10/4/1885, p.2. Greenhill called for a committee of ‘local capitalists’ to collect money for a deep sinking fund for the Castlemaine region.
74 VPD, Vol. XLVI, 20/8/1884, pp.1053-55. MAM, 26/8/1884, p.2; 9/10/1884, p.2. The Legislative Council had refused to pass the Bill 26 times since 1856. Unlike many Legislative Council Members, Fitzpatrick was an enthusiastic supporter of the Bill because of his mining interests.
75 MAM, 23/311885, p.2; 26/10/1885, p.2. The Castlemaine Mining Board gave permission for mining under roads to a depth of 120 feet. The Shire of Mount Alexander incurred ‘heavy damages’ for the repair of the roads. Commenting on a recent claim against the Hepburn Freehold Estate Co. mining company, Patterson believed ‘only the very rich and courageous speculators would risk such a large outlay’. A landholder had been awarded costs of £9,957 as well as a royalty of 7 per cent from the Hepburn Estate mine.
76 MAM., 12/12/1887, p.2.
77 MAM, 25/5/1885, p.2.
Company, Patterson noted that it was the first practical step in developing the district’s deep mines.\(^{79}\)

Members of the new mining company could not reach agreement over the best method of conducting exploratory work. Would deep sinking commence at the surface or, in a shaft which had already been sunk several hundreds of feet?\(^{80}\) One expert doubted that sufficient capital could be raised to buy machinery capable of reaching greater depths.\(^{81}\) This statement was supported by a Bendigo miner who pointed out that all gold found below two thousand feet at Bendigo had required the use of powerful and expensive machinery.\(^{82}\)

A plan to mine the Vineyard Reef collapsed within four months because of insufficient capital.\(^{83}\) Directors then made an unsuccessful attempt to gain shareholder support for an amalgamation with the Sebastopol mine, currently for sale. Shareholders’ investments were subsequently returned after the cancellation of the Vineyard Reef lease.\(^{84}\)

Hopes were raised again by the news of a government ‘prospecting subsidy of £80 000, funded on a £ for £ basis,\(^{85}\) but despite the efforts of Patterson and Zeal Castlemaine received a subsidy of only £6 500.\(^{86}\)

Dissatisfaction over the meagre amount led to the

\(^{79}\) MAM, 3/7/1886, p.2. Present at the meeting were Halford, Tolstrup, Trevascus, Homes, McGregor, Carbano, Reid, Thomas, Straede, Morris, and Odgers. Forty-eight thousand shares were to be issued in small parcels with no person holding more than 500 shares.

\(^{80}\) MAM, 12/7/1886, p.2

\(^{81}\) MAM., 13/7/1886, p.2. This expert was the Castlemaine Mining Surveyor, T.L. Brown. Letter from ‘Mining Investor’ in MAM, 5/7/1886, p.2. Another correspondent indicated that the new mining company would need a capital amount of £48 000. An initial sum of £6 000 would need to be raised before prospecting could commence.

\(^{82}\) Letter from ‘Sandhurst Miner’ in MAM, 14/7/1886, p.2

\(^{83}\) MAM, 12/7/1886, p.2; 4/8/1886, p.2; 28/8/1886, p.2; 18/9/1886, p. 22/1/1887, p.

\(^{84}\) Covering an area of 30 acres, the Vineyard reef included the Eureka reef. Little work had been done on these reefs since 1865 because of the presence of water in the mines. Patterson and Gordon indicated their determination to ‘stick with the mining company’ in relation to further prospecting of the district’s reefs.

\(^{85}\) MAM, 22/12/1886, p. At this time the Association’s assets were £214.10.0.

\(^{86}\) MAM, 9/10/1886, p.2.; 7/12/1886, p.2. Prospecting Boards were established by the government to examine applications from mining companies and individual miners in each of the seven mining districts. Each Prospecting Board included a Mining Surveyor elected by the Mining Board of the district, a representative chosen by mine managers, a member of the relevant Borough or Shire council, and a representative from the district’s Miners’ Association.

\(^{86}\) MAM., 4/3/1887,p.3; 17/3/1887,p.3.
formation of a local Mine Owners’ Association. Mine owners were confident that a powerful lobby group was needed to promote local mining interests. Initial interest in the Association soon dissipated and subscriptions were reduced in an effort to attract more members. Like the Castlemaine and District Deep Sinking Gold Mining Company, the new Association lasted only a few months.

When visiting a number of Castlemaine mines in 1888 the Bendigo mining magnate, George Lansell, expressed his surprise over their poor management and insufficient development. Lansell believed gold existed at deeper levels and recommended the investment of more capital for sinking to a depth of more than two thousand feet. Lansell’s remarks prompted negotiations, which proved fruitless, with London brokers in a search for further capital.

One local mining industry experienced extreme financial difficulties in 1887, unrelated to declining gold yields. A substantial contributor to the local economy, Yeats’ pyrites treatment works was forced to comply with Council pollution by—laws. The emission of arsenic into the town’s gutters required expensive modifications to Yeats’ plant. The following year, Yeats claimed the Council’s actions had incurred ‘vast expense at a time when much depression’ existed in the district.

Summing up the state of local mining, Matthews commented on the ineffective expenditure of government funds on the prospecting grant. Mining statistics indicated that the

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87 MAM, 20/7/1887, p.2; 4/8/1887, p.2. The Mine Owners’ Association included Castlemaine businessmen who engaged in mining investment. They were: Halford, Straede, Hor Trevascus, ED. Williams, Odgers, Goudge, Roberts, Thomas, Green, Homes, Ebott, Shields, and Waterhouse. The association’s aims included the collection of information relating to improvement in mining machinery and the treatment of ore, and participation in the framing of mining legislation.
88 MAM, 16/5/1888, p.2.
90 MAM., 23/1/1888, p.1
91 MAM, 27/5/1887, p.2; 25/6/1887, p.2; 19/8/1887, p.2; 14/10/1887, p.2; 20/7/1889, p. 20/7/1888, p.2. The Central Board of Health, after representations from the Castlemaine Borough Council, inspected the pyrites works and discovered a large and ‘highly poisonous’ accumulation of sulphate of arsenic which had spread to Barkers Creek via the town gutters.
amount of the prospecting subsidy increased in proportion to the decrease in gold production. Instead of direct grants to mining companies, Matthews held that the government should have a more direct involvement in exploration. Government-employed prospecting bodies should explore for new goldfields or, for undiscovered auriferous deposits on old fields.\footnote{92}

Willman’s study indicates that while Bendigo’s mining success provided a temporary stimulus for Castlemaine it raised too many false hopes. Not understood in the nineteenth century, the less complex conformations of the Bendigo reefs lent themselves to deep sinking. As well as being undercapitalised, Castlemaine mines were subjected to considerable pressure by investors looking for quick returns. The use of profits to pay dividends prevented the necessary underground development essential to successful deep lead mining.\footnote{93}

In 1889 government concern over the state of mining led to an examination of the future of the Coliban water system. As it was evident that revenue from sluicers’ water rates would decline even further the government proposed to hand over the responsibility of the reticulation system of the Coliban to the community (Appendix 4).

As its rationale, the government announced it was ‘expedient’ for districts to foster new industries.\footnote{95} Following the acceptance of the offer by the Harcourt Shire the \textit{Mount Alexander Mail} commented that the Harcourt reservoir would no longer be a ‘white elephant’. Matthews considered Castlemaine’s future would depend on fruits or vines.\footnote{97}

\footnote{92} MAM., 10/12/1888, p.4
\footnote{93} Clive Willman, Senior Geologist, Minerals Victoria, Geological Report - Castlemaine Goldfield, Minerals Victoria, Melbourne, 1996, pp.9-10. Bendigo’s ‘saddle’ reefs were easily understood and lent themselves to sinking shafts close to anticlinal folds. On the other hand, Castlemaine possessed ‘more complicated fault-controlled structures’.\footnote{94} MAM, 15/5/1886, p.2. Sluicers’ average weekly incomes had fallen from £1. 1 9.0 in 1881 to £1. 14.2 in 1885. Sluicers who, a few years earlier could accommodate a rate of two pence, now could not afford pence per 1 000 gallons.\footnote{95} MAM, 27/4/1889, p.2.
\footnote{96} MAM., 9/12/1889, p.2
\footnote{97} MAM, 17/6/1889, p.2. According to Matthews, orchards and vineyards could be established on worked out alluvial diggings.
HARCOURT ORCHARDS

A modest amount of Harcourt apples and pears was exported to England in 1886. Within two years, one of the district’s largest orchards was exporting large quantities of fruit on a regular basis.\(^98\)

Now committed to the development of agricultural products other than grains, the government realised the future potential of Victorian fruit exports,\(^99\) worth £6m in 1889.\(^100\) Local orchardists were subsequently given valuable concessions by the government. The cost of irrigation water\(^101\) was lowered and an entomologist was employed by the government.\(^102\) The newly-formed Castlemaine and District Fruitgrowers’ Association made a ‘successful approach to the government for an increase in the tariff on fruit (Table 5.3).\(^103\)

CASTLEMAINE WOOLLEN’ MILL

Increasing overseas competition affected every Victorian woollen mill from 1885 to 1889 and the Castlemaine mill was no exception. All mills were affected by the introduction in 1885 of Deakin’s Factories Act which reduced working hours from fifty-six to forty-eight per week.\(^104\)

The Castlemaine mill continued to operate during this time, unlike some other Victorian woollen mills which were forced to close down. Nevertheless, the mill’s performance was patchy (Table 5.4), attributed to stiff competition

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\(^98\) MAM, 21/3/1888, p 10/4/1888, p. 10/5/1888, p. 3/7/1888, p.2 The new technology of marine refrigeration facilitated the export of perishables. Antipodean fruit filled a gap in the’ London market where the domestic product was unavailable between the end of February and June. Clubs in London were prepared to pay up to £1 . 10.0 per case for apples and £20.0 for pears. The total freight cost per case from the orchard to London was three shillings and seven pence per case. J. Lang’s 450 acre orchard at Harcourt exported 3 000 cases of fruit to England in 1887. ‘Thousands’ of cases of fruit were also grown at Walmer and Muckleford.

\(^99\) Serle, The Rush to be Rich, pp.37-8

\(^100\) MAM, 20/9/1889, p.3.

\(^101\) MAM, 22/9/1887, p.2; 27/10/1887, p.2. Irrigation water was conveyed to Harcourt from the Coliban reservoir via a water race. In 1887 the price of irrigation water rose from one-half pence to two pence per 1 000 gallons. After representations by Patterson and Gordon, the government promised to reduce the cost of water to its original price for the ensuing three years. The price would rise to one penny per 1 000 gallons after 1890.

\(^102\) MAM, 20/9/1889, p.3.

\(^103\) MAM, 15/8/1889, p.2.

\(^104\) Garden, Victoria: A History, p.238. The Factories Act introduced following the revelation of working conditions by the Shops and Factories Commission.
TABLE 5.3
*Selected Items from the Victorian Tariffs of 1886 and 1889

<table>
<thead>
<tr>
<th>Item</th>
<th>1886</th>
<th>1889</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonial beer</td>
<td>9d. per gallon</td>
<td>3/- per doz. quarts</td>
</tr>
<tr>
<td>Colonial Spirits</td>
<td>8/- to 10/- per gallon</td>
<td>8/- to 10/- per gallon</td>
</tr>
<tr>
<td>Malt</td>
<td>3/- per bushel</td>
<td>4/6 per bushel</td>
</tr>
<tr>
<td>Glass</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Leather</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Metal manufacture</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Woollen cloth</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Woollen blankets</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Textile machinery</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>Fuse, gun-cotton and explosives</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Candles</td>
<td>2d. per lb.</td>
<td>2d. per lb.</td>
</tr>
<tr>
<td>Soap</td>
<td>4d. per lb.</td>
<td>4d. per lb.</td>
</tr>
<tr>
<td>Green fruit</td>
<td>9d. per bushel</td>
<td>1/6 per bushel</td>
</tr>
<tr>
<td>Wrought stone</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Cattle</td>
<td>5/-</td>
<td>5/-</td>
</tr>
<tr>
<td>Horses</td>
<td>5/-</td>
<td>5/-</td>
</tr>
<tr>
<td>Sheep</td>
<td>9d.</td>
<td>9d.</td>
</tr>
<tr>
<td>Pigs</td>
<td>2/-</td>
<td>2/-</td>
</tr>
</tbody>
</table>

*Items applicable to Castlemaine.

TABLE 5.4

Annual Reports by Directors of
the Castlemaine Woollen Mill 1885-1889

<table>
<thead>
<tr>
<th>Date of Directors’ Meeting</th>
<th>Dividend</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/8/1885</td>
<td>%</td>
<td>£372.13.2</td>
</tr>
<tr>
<td>3/8/1886</td>
<td>Nil</td>
<td>£409.08</td>
</tr>
<tr>
<td>2/8/1887</td>
<td>6</td>
<td>£641.6.0</td>
</tr>
<tr>
<td>1888</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>6/8/1889</td>
<td>Nil</td>
<td>*</td>
</tr>
</tbody>
</table>

*A profit (amount unstated) was made but, because of the mill’s financial difficulties, it was retained for working expenses.

from cheap imported flannels. In 1886 shareholders expressed their discontent over the poor returns on their investments. Williams, the Managing Director, pointed out that the mill had made a considerable financial contribution to Castlemaine. Over the past ten years, £73,000 had been paid in wages and £20,000 spent in the town.

Rising imports of cheap ‘slop’ cloth from England and Germany in 1886 led to a call by manufacturers for a higher tariff. Deakin was approached by a deputation of Victorian mill owners and their political representatives. Introducing the deputation, the Hon. James Munro pointed out that not one Victorian woollen mill was operating profitably. Deakin admitted that an industry employing five thousand in Melbourne could not be ignored but refused to accede to their request on the grounds that an increase would lead to higher tariffs in ‘half a dozen’ other industries using woollen fabric.

Deakin was also lobbied by a deputation of workers from the clothing industry who complained that a higher tariff on woollen cloth would result in the loss of two thousand jobs in their industry. Deakin explained the government’s dilemma. On one hand, there were mill owners and their employees who believed a tariff increase was vital to their survival. On the other, were the clothing manufacturers and their workers who asserted an increase

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105 MAM., 3/2/1885, p.2; 1/6/1886, p.3; 18/12/1886, p.2. Many of the imported flannels bore an illicit Castlemaine trademark. The mill was forced to relinquish a house in Templeton Street, used as an office and warehouse, and transfer the staff to the factory in 1885. A fall in sales in 1886 led to half-time operations at the mill and its poor financial situation prompted one shareholder to call for its closure. Pers. Comm., Helen Vellacott, grand-daughter of E.D. Williams. Anecdotal evidence suggests that there were occasions when Williams used his own financial resources to prop up the ailing mill.
106 MAM, 18/12/1886, p.2. Williams claimed that if it ‘were not for the mill, Thomson’s, Cunnacks and the breweries, the district would be in a considerably more depressed condition than it is at present’.
107 Serle, The Rush to be Rich, p.75. According to Serle, some woollen mills asked for a tariff of 100%. MAM, 24/6/1886, p.3. ‘Slop’ cloth was largely made of cotton.
108 MAM, 10/8/1886, pp.2-3
would throw them out of work. Deakin could only promise that the government would consider the situation.\textsuperscript{109}

Woollen mill employees, including some from the Castlemaine mill, presented their case to Deakin. ‘Mr. Walton, from Castlemaine, asked that ‘special’ protection be given to blankets and flannels, the only items made by his mill.\textsuperscript{110}

A public meeting was held in Castlemaine to rally support for a higher tariff on woollen cloth. Speakers pointed out that, because of imports, the numbers employed at the Castlemaine mill had fallen by fifty per cent over the past few years.\textsuperscript{111} Patterson, an earlier opponent of any escalation of government subsidies,\textsuperscript{112} now indicated his support for a tariff increase. As his rationale, Patterson declared that ‘the colony was pledged to a system which gave employment’. Arguably, Patterson was aware of a resolution passed at an earlier meeting held by Castlemaine mill workers. At that meeting, mill workers had pledged to withdraw their support from political candidates who failed to support a thirty \textit{per cent} tariff on all goods containing wool.\textsuperscript{113}

Matthews had scant sympathy for the claims of the woollen mill owners. He pointed out the success of New Zealand mills which operated under a much lower tariff rate. Instead of increasing the level of assistance, the government should challenge the Victorian industry to show more enterprise. Matthews remarked that mill owners should not only strive to upgrade their machinery, but also improve the skills of their workers. A tariff increase would not only affect one-third of the colony’s export trade in ready-made clothing, but also deprive

\textsuperscript{109} MAM., 201711886, p.3. The deputation informed Deakin that, because woollen mills had not caught up with the latest trends in fabric, they were still producing unfashionable t cloth. Therefore, the clothing industry was required to import the more modish worsted cloth. The workers also pointed out that the machinery used in the domestic manufacture of cloth was obsolete.

\textsuperscript{110} MAM., 11/8/1886, p.2

\textsuperscript{111} MAM., 5/8/1886, p.2

\textsuperscript{112} MAM., 16/2/1886, p.2.

\textsuperscript{113} MAM., 3/3/1886, p.2.
two thousand people, mostly women, of employment.\textsuperscript{114} Here, Matthews indicates a return to the economic principles he espoused in the previous decade.\textsuperscript{115}

The uncompetitive nature of Victorian woollen mills,\textsuperscript{116} despite increases to the tariff, illustrates the findings of two tariff enquiries conducted in the twentieth century. In 1920 the Brigden Enquiry discovered that the tariff had led to an increase in manufacturers’ wages and costs. The Brigden Enquiry noted that ‘…as the tariff rises…the costs exceed the benefits’.\textsuperscript{117}

After examining the effect of protection on the Australian economy in the early 1960s, the Vernon Report discovered that the policy had fostered a range of new, or ‘infant industries’. However, these industries had not achieved the economies-of-scale considered vital to competition in world markets. Australia’s small, protected, domestic market offered little incentive for the introduction of more sophisticated and efficient machinery. Nevertheless, the use of obsolete machinery which, in most cases, required more operatives had provided avenues of employment. The Vernon Report concluded that the policy of protection had reduced the ability of Australian manufacturers to compete with imports.\textsuperscript{118}

Committed to a policy of development and employment, the Gillies-Deakin Coalition decided to increase the level of the tariff on a range of articles in 1886. An increased tariff on woollen piece-goods was justified on the grounds that the Tariff Royal Commission had recommended an increase in 1883. However, the increase of only five \textit{per}

\begin{itemize}
\item \textsuperscript{114} MAM, 21/7/1886, p.2. Matthews pointed out that the tariff sought by mill owners would increase the cost of a man’s suit from \£110.0 to \£2.00.
\item \textsuperscript{115} Matthews’ editorials of the early 1870s indicate a liberal, free-trade philosophv. He was not averse to quoting John Stuart Mill when assessing the advantages and disadvantages of protection. Matthews later accepted the tariff after noting its relationship to the creation of employment.
\item \textsuperscript{116} As noted in Chapter 4, the Castlemaine mill was forced to use expensive hand-labour because it could not afford the machinery capable of achieving economies-of-scale.
\item \textsuperscript{117} Brigden et al, The Australian Tariff An Economic Enquiry, pp. 167, 278. The Brigden Enquiry also found that the burden of the tariff had affected the competitiveness of Australian exports of agricultural produce. This factor, together’ with rising wages in the industrial sector, had led to a redistribution of income from the rural to the urban sector.
\end{itemize}
cent fell far short of the mill owners’ claims (Table 5.3). The tariff on woollen clothing was raised by the same amount to compensate the clothing industry.\textsuperscript{119}

Further calls were made for tariff increases in 1889 following a rise in imports of cheap woollen cloth.\textsuperscript{120} The government responded by increasing the tariff on blankets and piece-goods by five \textit{per cent} and ten \textit{per cent} respectively (Table 5.3).\textsuperscript{121}

CUNNACKS’S TANNERY

There is no evidence to suggest that Cunnack experienced the financial difficulties of other Victorian tanners and curriers.\textsuperscript{122} A deputation of Victorian tanners and curriers informed the Minister of Customs in 1888 of the depressed state of their industry. They maintained that a higher tariff was the only way in which their industry could continue operations. The deputation was also confident that a tariff increase would not ‘interfere’ with the trade of bootmakers and saddlers.\textsuperscript{123}

The government granted the tanners a tariff increase and, at the same time, raised the tariff on footwear (Table 5.3).\textsuperscript{124} Conceding that tanners suffered unnecessarily from the handling of hides by abattoirs, Matthews queried the need for more protection. What was needed was the introduction of modern machinery and an effort by tanners to improve their production methods.\textsuperscript{125}

\textsuperscript{119} Patterson., The Tariff in the Australian Colonies. p.94.
\textsuperscript{120} Patterson, The Tariff in the Australian Colonies, p.96. In 1889 imports, by value, were 38 per cent higher than in 1883.
\textsuperscript{121} Patterson, The Tariff in the Australian Colonies, p.95.
\textsuperscript{122} MAM, 30/7/1885, p.3. Cunnack’s main concern was a reduction in rail freight on hides, leather, and bark.
\textsuperscript{123} MAM, 18/4/1888, p.3.
\textsuperscript{124} Patterson, The Tariff in the Australian Colonies, pp. 128-36. It is assumed that the large numbers employed in the footwear industry played a role in the granting of a higher tariff to the footwear industry. Patterson indicates that there were 3,787 employed in the Victorian footwear industry in 1890. The tannery industry employed 1,669 in the year 1890.
\textsuperscript{125} MAM, 4/5/1888, p.2. Michaelis, owner of one of the colony’s largest tanneries, claimed that 90 per cent of hides were damaged by the abattoirs’ flaying processes whereas, in England the damage was only 10 per cent. (This figure differs from the 30 per cent quoted by a witness during the Royal Commission on the Tariff in 1883 (Chapter 4).) Michaelis estimated that damaged hides cost the Victorian tannery industry between £50,000 and £100,000 per annum.
THOMPSON’S FOUNDRY
No tariff increases were granted to metal manufacturers in 1886 and 1889 (Table 5.3). The major reason for the foundry’s continuing success appears to have come from the expansion of railway lines. As noted in Chapter 4, railway contracts bestowed more benefits on Victorian metal manufacturers than the 1871 tariff.\footnote{Parsons, ‘Government Contracts and Colonial Manufacture’, p.247. Government contracts gave Victorian manufacturers opportunities for specialisation, technical innovation, and capital accumulation, all of which were more beneficial than the 1871 tariff.}

By 1888 the foundry had become the most consistent successful tenderer for the provision of all points and crossings used in the construction of Victorian railway lines.\footnote{MAM, 10/7/1888, p. 2.} An extra forty men had been engaged in the previous year to work exclusively on points and crossings.\footnote{MAM., 3/9/1887, P.2.}

Despite the tariff, Thomson’s Foundry continued to export machinery to interstate and overseas mining companies.\footnote{MAM, 12/7/1887, p.2; 21/3/1888, p.2; 8/8/1888, p. 17/7/1889, p.2; 25/12/1889, p.}
Still manufacturing its staple items of railway fittings, steam engines and mining machinery, the foundry grasped the opportunities offered by the growing interest in irrigation. From 1885, steam irrigation plants were made for Irrigation Trusts and individual farmers.\footnote{Mining machinery was shipped to Normanton on the Gulf of Carpentaria before being taken 100 miles overland by bullock teams to the Croydon goldfields in Queensland. The discovery of rich mineral deposits at Broken Hill led to the manufacture of machinery for the Round Hill Silver Mining Company. Mining machinery was ordered for a mine in Malaya owned by an English syndicate.} The foundry, with almost 200 workers, was the largest employer of labour in Castlemaine by 1888. Each year, an increasing number of orders demanded structural additions to the factory.\footnote{MAM, 25/6/1885, p.2; 18/9/1886, p. 8/8/1888, p.2. A steam irrigation plant was made for Edward Fitzgerald’s farm on the Loddon River in 1885 at a cost of £350. An engine was made for the Cohuna Irrigation Trust at a cost of £5 754.12.1.}

OTHER CASTLEMAINE INDUSTRIES
Horwood, unlike the Thompson brothers, appears to have made no effort to extend his foundry’s range of products.\footnote{MAM, 18/9/1889, p.2.}
These comprised bells, safety cages for mines, and road and lawn rollers.\textsuperscript{132}

The scant amount of evidence available suggests that certain other industries survived the local economic depression. These were the Castlemaine Paving Company,\textsuperscript{133} the Harcourt Granite Company and the Melbourne and Castlemaine Candle Company Limited.\textsuperscript{134}

The two local breweries, Fitzgerald’s\textsuperscript{135} and the Standard Malting Company,\textsuperscript{136} do not appear to have been adversely affected by the 1889 tariff. This particular tariff imposed higher duties on one ingredient used in the brewing process. On the other hand, a higher tariff on colonial beer gave brewers an added measure of protection from imports (Table 5.3). The dividends paid by the two Castlemaine breweries, together with a high domestic consumption of alcohol (Appendix 6), leads to the conclusion that the local economic depression had little impact on these industries.

SOCIAL WELFARE IN CASTLEMAINE

The resources of the Castlemaine Benevolent Asylum were severely stretched in the period from 1885 to 1889 (Table 5.5). Government subsidies as well as local donations had fallen.\textsuperscript{137} The number of families given relief by the

\textsuperscript{132}MAM, 27/6/1885, p. 6/10/1885, p.2; 17/12/1885, p.2; 14/9/1886, p.2; 1/12/1886, p. 6/8/1886,p.2; 13/8/1887, p. 5/11/1888, p.2; 19/4/1889, p.2; 16/10/1889, p.2; 15/11/1889, p.2.

\textsuperscript{133}MAM, 28/11/1886, p.2; 30/6/1888, p.2. The government built a railway siding opposite Specimen Gully at the request of the Castlemaine Paving Company. After Patterson’s ‘intervention’, the government provided a 2 ton crane at the siding in 1888.

\textsuperscript{134}MAM, 25/12/1885, p.2; 11/7/1885, p.3; 14/2/1887, p.2; 7/1/1888, p. 21/1/1888, p.2; 241711888, p.2; 9/1/1889, p.2; 20/7/1889, p.2; 24/7/1889, p.2; 25/5/1889, p.3. The Fitzgerald brothers had established three interstate breweries by 1888, at Newcastle, Brisbane and Adelaide. The breweries at South Melbourne and Castlemaine were converted to limited liability companies between 1885-1887. In the first year of its conversion, the South Melbourne brewery paid a dividend of 12 after which it rose to 25%. Dividends of the Castlemaine brewery rose from 10% in 1885 to 15% in 1889.

\textsuperscript{135}MAM, 29/5/1886, p. 29/7/1887, p. 26/1/1888, p.2. The Standard Malting Company at Campbells Creek. was in the hands of two owners during the late 1880s. A dividend of 10% was paid within a ear of the brewery’s conversion to a limited liability company in 1887.

\textsuperscript{136}MAM, 12/3/1885, p.3, 13/12/1889, p.2. The Benevolent Asylum was concerned over the decision by Service in 1885 to reduce the level of subsidies to charitable institutions. A deputation from the Castlemaine Benevolent Asylum pointed out to Service that its per capita cost was only £18 per annum whereas the costs of the Bendigo and Ballarat Asylums were £27 and £2 I respectively.
TABLE 5.5
Expenditure of Castlemaine Benevolent Asylum
1885-1889

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Inmates</th>
<th>Cost per capita per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1885</td>
<td>93</td>
<td>£ N/A</td>
</tr>
<tr>
<td>1886</td>
<td>92</td>
<td>15.15.0</td>
</tr>
<tr>
<td>1887</td>
<td>99</td>
<td>15. 0.4</td>
</tr>
<tr>
<td>1888</td>
<td>102</td>
<td>15.15.3</td>
</tr>
<tr>
<td>1889</td>
<td>96</td>
<td>16. 4.7½</td>
</tr>
</tbody>
</table>

Source: *Mount Alexander Mail*, Castlemaine, 31/7/1885, p.2; 30/7/1886, p.2; 29/7/1887, p.2; 24/7/1888, p.2; 10/8/1888, p.2; 26/7/1889, p.2.
Ladies’ Committee was less than in the preceding five year period (Table 5.6).\textsuperscript{138} In view of the ‘depressed state of the district’, the Ladies’ Committee expressed its surprise over an increase in private donations in 1889.\textsuperscript{139}

**CONCLUSION**

Efforts to attract employment-generating projects, together with comments by the *Mount Alexander Mail*, suggest that the level of local unemployment was higher than in Melbourne. In the absence of statistics, no accurate assessment can be made of the full extent of local unemployment from 1885 to 1889. Outdoor relief statistics give no indication of the level of relief distributed to the unemployed.

The conclusion is reached that the most successful contributors to the local economy were the foundry, the breweries, and orchardists engaged in exports. Evidence suggests that their success did not rely on the tariff as much as railway development, a high level of Victorian alcohol consumption, and the advent of marine refrigeration.

The poor performance of the woollen mill supports the conclusions reached by both the Vernon Report and the Brigden Enquiry relating to small, protected, domestic markets. Although conducted in the twentieth century, these conclusions of these enquiries correspond with Matthews’ assessment of the colony’s woollen mills in the late 1880s.

Unlike earlier tariffs imposed in response to budget deficits, the tariff increases of 1886 and 1889 were introduced at times of budget surpluses. Deakin’s concern for employees in the clothing and woollen cloth industries

\textsuperscript{138} MAM, 5/3/1885, p.2. Although no statistics are given, a higher level of relief was needed in 1885 for the ageing Chinese population. The Reverend Moy Ling was asked to canvass wealthy Chinese businessmen in Melbourne for donations.

\textsuperscript{139} MAM, 26/7/1889, p.2. Statistics indicate that a higher level of relief was distributed than in the preceding five years.
TABLE 5.6

Relief distributed by the Ladies’ Committee of the Castlemaine Benevolent Asylum 1885-1889

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of families</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1885</td>
<td>73</td>
<td>456. 4.3</td>
</tr>
<tr>
<td>1886</td>
<td>98</td>
<td>395.17.11</td>
</tr>
<tr>
<td>1887</td>
<td>102</td>
<td>480. 4.0</td>
</tr>
<tr>
<td>1888</td>
<td>95</td>
<td>510.19.9</td>
</tr>
<tr>
<td>1889</td>
<td>112</td>
<td>587.10.0</td>
</tr>
</tbody>
</table>

Source: *Mount Alexander Mail*, Castlemaine, 8/7/1885, p.2; 7/8/1886, p.2; 29/7/1887, p.2; 7/7/1888, p.2; 24/7/1888, p.2; 26/7/1889, p.2.
suggests that the sole reason for these tariff increases was the retention of employment in certain industries. It is concluded that political survival was the major reason for Gillies’ introduction of agricultural subsidies.
CHAPTER 6
1890-1894

After a period of unprecedented economic boom conditions the Gillies-Deakin Coalition was defeated in 1890. When introducing the July 1890 budget Gillies ignored the existence of a huge revenue deficit with the claim that the colony’s finances were in an ‘excellent state’ (Table 6.1). Credit balances brought forward from previous years were thought to be sufficient to meet the 1890 deficit. However, three consecutive years of budget surpluses had encouraged lavish public expenditure, particularly on railway extensions.

Sayers names the Gillies-Deakin Coalition as the chief architect of the era of public extravagance. The final year of the Coalition was accompanied by an economic depression which affected all Australian colonies. Sayers argues that Victoria’s financial difficulties were apparent as early as 1888 following the financial failure of the Centennial Exhibition.

Butlin concedes that the collapse of the land boom and the withdrawal British capital played a role in triggering the economic depression. However, Butlin places more emphasis on the convergence in 1889 of a decline in the cost of imports and a rise in domestic wages. Consequently, falling profits reduced the attractiveness of industrial investment and led to a fall in the rate of economic expansion.

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1 MAM, 20/7/1891, p.2. Zeal voiced his concerns in the Legislative Council over the government’s imprudent handling of finances. The MAM commented that Zeal represented the Council’s ‘permanent, self-constituted Opposition.. the ever-alert candid friend...one of the most valuable members of the House’
2 E.A. Boehm, Prosperity and Depression in Australia 1887-1897, Oxford University Press, London, 1971, p.168-173. From 1890 to 1892, the deficit in railway revenue rose from £221 000 to £430 000. By 1891, British investors had become wary of lending to the Victorian government because of its ‘excessive and imprudent’ borrowing for public works.
3 Sayers, David Syme, pp. 158-61. The Australian economic depression was exacerbated by a downturn in the British trade cycle. Victorian land insolvencies increased from £225 000 in 1888 to £2m. in 1889, the highest level in 20 years.
4 4 Butlin, ‘The Shape of the Australian Economy ‘, pp.24-8. Overseas interest payments rose from 3% of net national product in 1861 to 9 per cent in 1890. By 1890, 4 per cent of Australian exports were committed to meeting overseas interest obligations.
TABLE 6.1

General Revenue and Expenditure in the
Colony of Victoria 1890-1894

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue</th>
<th>General Expenditure</th>
<th>Deficit (-) or Surplus (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>1891</td>
<td>8 519</td>
<td>9 646</td>
<td>-1 127</td>
</tr>
<tr>
<td>1892</td>
<td>8 344</td>
<td>9 129</td>
<td>-785</td>
</tr>
<tr>
<td>1893</td>
<td>7 730</td>
<td>8 483</td>
<td>-753</td>
</tr>
<tr>
<td>1894</td>
<td>6 959</td>
<td>7 990</td>
<td>-1 031</td>
</tr>
<tr>
<td></td>
<td>6 717</td>
<td>7 310</td>
<td>-593</td>
</tr>
</tbody>
</table>

Banks and building societies involved in land and building speculation were affected by a decline in their asset values and borrowers’ inability to repay their loans. The collapse of speculative building led to unemployment in the building trade. Employment opportunities declined as a result of parliamentary hostility to further railway expansion.

Protection had fostered a growth of employment in the manufacturing sector but falling import prices, together with the inflationary effect of the high tariff on wages and materials, weakened the competitive position of manufacturers. As a result, employment could not be sustained at previous levels.

Gillies’ problems were exacerbated by the Maritime Strike which started in July 1890 and dragged on until October. In the last week of August the Coalition took drastic measures to control demonstrations mounted by the unemployed at the Melbourne wharves and outside various gasworks. It was believed that any failure of Melbourne’s gas supply might precipitate burglary and violence. Cabinet decided to reinforce the police presence by the militia, an action which sealed the fate of the Gillies-Deakin government.

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6 Turner, A History of the Colony of Victoria, p.278. By this time, Gillies had attracted the hostility of workers and several hundred unemployed workers organised a demonstration at the Melbourne Wharf where an effigy of the Premier was burnt.
8 Ken Buckley and Ted Wheelwright, No Paradise for Workers: Capitalism and the Common People in Australia 1788-1914, Oxford University Press; Melbourne, 1988. pp. 181 In June 1890, shipowners acceded to a number of demands by the Sydney Wharf Labourers’ Union, including an eight-hour day and a closed shop. But shipowners refused to negotiate over claims by the Marine Officers’ Association while it retained its affiliation with the Melbourne Trades Hall Council. In August Marine Officers, accompanied by sympathetic seamen and wharf labourers, walked off ships in Australian ports. Coalminers subsequently refused to supply coal to ships manned by non-union labour. All work was suspended at Broken Hill in September because of the accumulation of ore due to shipping restrictions. The Maritime Strike was followed by the Queensland Shearers’ Strike, after which strike leaders were imprisoned in May 1891.
9 9 La Nauze, Alfred Deakin, pp. 127-130. As Chief-Secretary in control of police and as acting Attorney-General, Deakin was responsible for the legality of calling in the militia. Some years later Deakin wrote of James Patterson’s audacity in posing as the Minister responsible for calling out the troops. MAM, 27/3/1891, p.2. On a visit to England in 1891 Patterson described the strike as ‘almost a revolution’. In a speech at Newcastle-on-Tyne Patterson claimed ‘one set of men fancied they were injured; another set of men joined them, for no other purpose than merely for the purpose that the whole mass should join to destroy the liberties of other people’. 
Throughout the prolonged strike, both strikers and the unemployed experienced extreme financial hardship.\textsuperscript{10} The blockade of the port of Melbourne not only raised the price of provisions, but also dislocated sections of the colony’s trade.\textsuperscript{11} Service called for mediation between employers and employees but Patterson called for the preservation of law and order.\textsuperscript{12}

Gillies refused to act on calls made by the Opposition for mediation and the Coalition collapsed after a no-confidence motion by Munro. In November Munro formed a government composed largely of Liberals. Deakin, together with certain other Liberals, moved into the Opposition with the Conservatives.\textsuperscript{13}

Within a few weeks of Munro taking office the London banking house of Baring collapsed and British depositors withdrew their Victorian investments.\textsuperscript{14} The ensuing erosion of confidence was accompanied by a fall in the demand for, and value of, land and building societies established in the ‘boom years’ were forced into liquidation.\textsuperscript{15}

Garden argues that Munro did little to settle the worsening economic situation.\textsuperscript{16} This statement is qualified by an admission that Munro’s inaction needs to

\textsuperscript{10} MAM, 2/7/1890, p.3. Patterson, Minister of Public Works, had little sympathy for the unemployed of Melbourne. Patterson informed a deputation of unemployed workers that the worst thing the government could do would be to employ such men as they appeared to be permanently unemployed. According to Patterson, ‘if men came ’ to him who really wanted work (he) would listen’. Patterson contrasted the Melbourne unemployed with those of Castlemaine, Bendigo and Ballarat who came to the goldfields with their swags ‘when there were no houses, and having British pluck, went and found work’.

\textsuperscript{11} Turner, A History of the Colony of Victoria, p.287. Little coal was available for the manufacturing sector while farmers’ produce perished.

\textsuperscript{12} MAM, 1/7/1891, p.7/7/1891, p Matthews supported the efforts of Service who believed the unions had a right to solidarity in order to ‘develop their own interests’. Service pointed out that the unions had ‘much improved’ the condition of the working man.

\textsuperscript{13} Sayers, David Syme pp. 161-62. Munro had the support of Syme of the Age which Sayers calls ‘a necessary accolade for any public leader of the time’. Syme perceived Gillies as a pliant politician as well as a reckless spender of public money.

\textsuperscript{14} Boehm, Prosperity and Depression in Australia, pp. 166-8. Barings, one of Britain’s leading discount houses, lost over £20m. invested in speculative ventures in Argentina following the Argentine revolution in July 1890. The collapse of Barings not only exacerbated the economic depression in England, but also adversely affected the confidence of British investors ‘who .had previously invested in Australia.

\textsuperscript{15} Don Garden, Victoria: A History, Thomas Nelson Australia, Melbourne, 1984, p.204.

\textsuperscript{16} Garden, Victoria: A History, p.203.
be examined in the context of the prevailing political philosophy. It was generally accepted in the 1890s that governments should allow the economy to adapt itself to a new and lower level of economic activity. The alleviation of the suffering of the unemployed was considered to be the responsibility of charities, not government. The latter’s major function was the maintenance of a balanced budget through the use of reduced expenditure and increased taxation. This philosophy proved futile in the 1890s as it reduced cash flow and employment at a time when they were most needed.¹⁷

Garden is correct in pointing out government reliance on charitable bodies for the distribution of relief. However, he ignores the projects instigated by Munro in response to the depression. The Mount Alexander Mail reports public works projects established by Munro in 1891.¹⁸ Eggleston indicates that Victorian Ministries took steps to alleviate the unemployment problem following the 1890s depression.¹⁹ Serle also points out that most politicians supported the notion of infrastructure projects for the provision of employment.²⁰

On his return from an ‘information gathering’ trip to England in May 1891, Patterson declared his intention of forming another political party. The major objectives of Patterson’s National Political Association would be the restoration of confidence and prosperity through construction, public credit, employment, and the ‘maintenance of order and personal liberty’.²¹ Later, Patterson and Madden MLA were reported to have established...

¹⁸ MAM, 1/7/1891, p.2. The unemployed from Melbourne were used to drain the Kooweerup swamps. Work was also provided in the Mallee and by the Melbourne Harbour Trust. Matthews saw some benefits from a proposal by the new Labour Party for a State Labour Bureau. The establishment of a bureau would prevent the ‘absurd’ position where the unemployed were unable to find work in Melbourne while, at the same time, farmers were unable to secure labour.
¹⁹ Eggleston, State Socialism in Victoria, p.29. According to Eggleston, the government responded by intensifying protection, further land settlement, water conservation, and the creation of a larger agricultural department.
²¹ MAM, 23/5/1891, p.2; 7/7/1891, p.2; 11/7/1891, p.2. The National Political Association would be a political party of ‘resistance to anarchy’. It would also restore prosperity by maintaining that ‘order would be rigidly enforced, that acts of violence and outrage shall be sharply suppressed by the executive authority’. 
a ‘Country Party’ to ‘fight the Trades Hall aggression’. At the annual meeting of the ‘National Association’, Patterson declared that the ‘Country Party’ was the practical party of progress. Difficulties have been encountered in determining the relationship between these two political parties.

In his address to the National Association Patterson proposed a ‘general retrenchment’ of the public service. The *Mount Alexander Mail* reported that this speech resulted in a decision by Trades Hall to mount a representative of the Progressive Political League to contest Patterson’s seat in the next election. Although John Trenwith, a Trades Hall Council nominee, had just won a surprise victory in a by-election 1891, Tanner maintains that the performance of Victorian Labour politicians was ineffective until well into the new century. According to Garden, Labour was unable to establish an independent political party because of its continuing reliance on the strength of Liberalism. Labour presented itself as the ‘advance wing of Liberalism’ throughout the 1890s but did not claim any direct ‘class’ representation. McQueen, too, recognises Labour’s difficulty in presenting itself as a distinct political identity divorced from Liberalism.

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22 MAM, 16/10/1891, p.2. Argus, Melbourne, 10/2/1892, p.4. The ‘Country Party’ does not appear to be a distinct political entity but a group composed of Conservative politicians. The Argus reported that the ‘Committee of the Country Party’ as composed of 21 members in the Legislative Assembly. The new party was committed to a substantial increase in the stock tax and the encouragement of farming, mining and manufacturing industries. Also proposed, was a restoration of the colony’s financial position through the retrenchment of the public service and a ‘progressive public works policy especially in the shape of cheap railways’.

23 MAM, 26/2/1892, p.3.

24 MAM, 26/2/1892, p.3; 4/3/1892, p.2. The Progressive Political League considered a local man might have a better chance and was there fire considering approaching OW. Greenhill and ED. Williams. The fact that the PPL was prepared to consider Williams, a wealthy local businessman who later stood as a Liberal candidate, lends weight to the arguments of Tanner and McQueen.


26 Victoria: A History, p.240. The left-wing of the Liberal Party had formed an alliance with the Labour parliamentary representatives.

27 Tanner, ‘A Protracted Evolution’, pp.41-6. Tanner believes the major concerns of Labour were land settlement, protection, and the industrial grievances of workers employed by the government.

28 Humphrey McQueen, ‘Victoria’, pp.293-339, in D.J. Murphy, (ed), Labor in Politics: The State Labor Parties in Australia 1880-1920, University of Queensland Press, Queensland, 1975, pp.295-99. A Labour Party did not emerge in Victoria until after 1900. McQueen believes this was due to the party’s inheritance of Victorian Liberalism ideology. Unlike Labour, the Liberal Party could marshal political support from contacts established with the Australian Natives’ Association, and the Protectionist Associations.
The colony’s financial situation deteriorated further at the end of 1891 following the Commercial Bank’s refusal to advance funds to building societies and finance companies. Syme withdrew his support of Munro, advising him to resign after the introduction of the Voluntary Liquidation Act. Syme suspected that the new Act which protected companies from compulsory liquidation and subsequent court action was instigated to protect Munro’s own business interests.

A Liberal, William Shiels, became Premier of a Coalition government in February 1892 and immediately reduced the size of the public service as a means of reducing the budget deficit (Table 6.1). Shiels’ preferred option of raising revenue from direct taxation was opposed by Conservatives within the Coalition. His only alternative was the introduction of higher tariffs accompanied by a massive increase in the stock tax (Table 6.2).

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29 Ann Mitchell, pp.312-14 in ADB, Vol.5, pp.313-14. A Liberal, Munro had been a Vice-President of the National Reform League and the National Reform and Protection League. Although Munro professed sympathy for the working class, his political views were affected by his economic interests. Munro’s credibility during his last year of office was shaken by his business association with some of the failed lending institutions.
30 Sayers, David Syme, p. 162-3. Munro had earlier earned Syme’s displeasure over his inability to curb the extravagance of the Railway Commissioners and their collusion with politicians in the expansion of the railway network. As an indication of the power of Syme’s political patronage, he informed Munro he should advise the Governor to send for William Shiels. Like Syme, Shiels was a staunch advocate of moderate public spending. When Minister of Railways in the Munro ministry, Shiels had established a Rail Management Act which restricted the independent actions of the Commissioners. Munro became Victorian Agent-General in London following his resignation from the parliament.
31 Michael Cannon, The Land Boomers, Melbourne University Press, Melbourne, 1966 (1977), p. Cannon comments that the ‘whole of the State’s political power was riddled through and through by the activities and offshoots of the land speculators’.
32 Geoffrey Serle, pp.595-98 in ADB, Vol. 11, p.595-97. A Liberal, Shiels always described himself as a free-trader. Tregenza, Professor of Democracy, p.228. Shiels, as well as Deakin, was influenced by Pearson’s Liberal philosophy. To Shiels, Pearson represented ‘a kind of embodied Liberal conscience’. MAM, 29/4/1892, p.3; 10/11/1892, p.2. Berry was appointed Treasurer and William Zeal, who had just been re-elected to the Legislative Council, was appointed Post Master General. When appointed President of the Legislative Council in November, Zeal resigned from the Ministry.
33 MAM, 9/7/1892, p. 13/7/1892, p.2.; 25/7/1892, p. 6/8/1892, p.2. Castlemaine’s Lands Officer was retrenched and the school at Moonlight Flat, three miles from Castlemaine, was closed. Teaching salaries were reduced by 10 per cent. Railway staff at Castlemaine were advised in July 1892 of a 2 to 5 per cent reduction in salaries.
34 : Patterson, The Tariff in the Australian Colonies, p. 143-44. New South Wales, also possessed of a budget deficit, revised its Customs duties. Ad valorem duties of between 10 and 15 per cent were introduced The earlier New South Wales customs duties were used to raise revenue, not for protectionist purposes.
35 Garden, Victoria: A History, p.205. At this time, the structure of increased taxation was a significant element in the re-emergence of polarisation between Liberals and Conservatives. Liberals supported a graduated income tax and a tax on the unimproved value of land since they believed the retention of a high tariff would obviate the need for further retrenchments. Liberals also desired the abolition of plural voting and the introduction of women’s suffrage, measures opposed by the Conservatives. The Conservatives advocated stringent retrenchment as a means of avoiding taxation. MAM, 14/5/1892, p.2; 10/6/1892, p.2. In anticipation of a higher stock tax, butchers from the Castlemaine region chartered three special trains to bring cattle from New South Wales for depasturing at Elphinstone.

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TABLE 6.2

*Selected Item from the Victorian Tariff of 1892

<table>
<thead>
<tr>
<th>Item</th>
<th>1892</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonial spirits</td>
<td>10/- to 15/- per gallon</td>
</tr>
<tr>
<td>Colonial beer</td>
<td>1/- to 1/6 per gallon</td>
</tr>
<tr>
<td>Malt</td>
<td>4/6 per bushel</td>
</tr>
<tr>
<td>Glass</td>
<td>35%</td>
</tr>
<tr>
<td>Leather</td>
<td>35%</td>
</tr>
<tr>
<td>Metal manufactures</td>
<td>35%</td>
</tr>
<tr>
<td>Woollen cloth</td>
<td>40%</td>
</tr>
<tr>
<td>Blankets</td>
<td>35%</td>
</tr>
<tr>
<td>Textile machinery</td>
<td>Free</td>
</tr>
<tr>
<td>Fuse, gun-cotton and explosives</td>
<td>20%</td>
</tr>
<tr>
<td>Candles</td>
<td>2d. per lb.</td>
</tr>
<tr>
<td>Soap</td>
<td>2d. per lb.</td>
</tr>
<tr>
<td>Green fruit</td>
<td>1/6 per bushel</td>
</tr>
<tr>
<td>Paper</td>
<td>35%</td>
</tr>
<tr>
<td>Wrought stone</td>
<td>20%</td>
</tr>
<tr>
<td>Timber</td>
<td>1/6 to 5/- per 100 super feet</td>
</tr>
<tr>
<td>Cattle</td>
<td>30/-</td>
</tr>
<tr>
<td>Horses</td>
<td>50/-</td>
</tr>
<tr>
<td>Sheep</td>
<td>2/-</td>
</tr>
<tr>
<td>Pigs</td>
<td>10/-</td>
</tr>
</tbody>
</table>

*Selected applicable to Castlemaine.

maintains that these measures merely exacerbated the economic and social condition of the workers.\textsuperscript{36}

Patterson MLA remarked that the new tariff would do little to lessen the effects of the depression, nor would it encourage future free trade between the colonies. He pointed out that Victoria had already lost many export markets and the new tariff would drive trade to other colonies.\textsuperscript{37} These comments were supported by Robertson, the new Editor of the \textit{Mount Alexander Mail}, who commented that Victoria had lost control of its export trade by becoming ‘hemmed in’ by a wall of tariffs.\textsuperscript{38}

Shiels and his Cabinet were placed in an embarrassing position by the events surrounding the failure of the Mercantile bank in March 1892. Established by the Speaker of the Legislative Assembly, Sir Matthew Davies, the bank went into voluntary liquidation in March 1892.\textsuperscript{39} Despite Davies’ forced resignation the government went on to win the 1892 election.\textsuperscript{40}

Patterson was almost defeated in this election by a Labour candidate, G.W. Greenhill. A protectionist, Greenhill had the support of the Progressive Political League and, in an astute pre-election speech, assured the mining industry of his continuing support. Standing again for re-election Gordon, unlike Patterson, indicated a sympathetic attitude

\textsuperscript{36} MAM, 2/8/1892, p.2. In an effort to help the unemployed, the government established 47 ‘government labour bureaux’ at Post Offices around the Colony, including one at Castlemaine. The service was free of charge to both employers and employees.

\textsuperscript{37} MAM, 3/8/1892, p.3; 30/9/1892, p.3

\textsuperscript{38} MAM, 2/9/1892, p.2. Matthews, the former Editor of the MAM, died on 6/12/1891. Following Matthews’ death, Robertson stated that the MAM ‘...provides an unbroken record of the history of Castlemaine with all its political, social, mining and commercial movements’.

\textsuperscript{39} Wright, A People’s Counsel, p. 101-3. On advice from his Crown law officer that Davies should be prosecuted, Shiels hedged and procrastinated. When Patterson replaced Shiels as Premier he refused to accept the advice of his Solicitor-General, Isaac Isaacs, to prosecute Davies. Patterson then forced Isaacs to resign from the Cabinet.

\textsuperscript{40} Serle, pp.595-98 in ADD, Vol.6, p.596. Serle calls it a triumph for the Shiels government which won 58 seats. Labour, which had supported Shiels, won 11 seats in its first sustained electoral attempt. The Conservatives won 28 seats.
towards the unemployed.\textsuperscript{41} Although Patterson defeated Greenhill by a narrow margin the vote was equal in the township of Castlemaine. Greenhill declared that local support exceeded his expectations even though he ‘…realised there was a desire for change in Castlemaine’.\textsuperscript{42}

Shiels’ stringent measures did little to reduce the revenue deficit (Table 6.1), reduce unemployment, or instil confidence in the business community. By the end of the year the lack of confidence in the government had reached a crisis.\textsuperscript{43} The \textit{Mount Alexander Mail} indicated that representatives from the mining and farming communities favoured Patterson as the new Premier.\textsuperscript{44} Now in poor health, Shiels\textsuperscript{45} was defeated in January 1893 after a successful no-confidence motion by Patterson. Patterson then became Premier\textsuperscript{46} with an essentially Conservative Ministry whose prime objective was a balanced budget.\textsuperscript{47}

It was necessary for all new Ministers to face re-election and in most cases they were returned unopposed. The Progressive Political League (PPL) asked Francis Longmore

\begin{footnotesize}
\begin{enumerate}
\item MAM, 914/1892, p. 3/4/1892, p. 6/4/1892, p.2. Although he disliked ‘selfish agitators’, Gordon had no quarrel with a system of trade unions. He ‘highly approved’ of the notion of Courts of Conciliation. Patterson based his pre-election speech on the government’s need for prudent financial management, and ‘law and order’.
\item MAM, 22/4/1892, p.2. Results for the total Castlemaine electorate indicate that 1250 votes went to Gordon, 1116 to Patterson, and 1032 to Greenhill.
\item MAM, 18/11/1892, p. 14/1/1893, p.2. Robertson commented that the ‘political ship is drifting…the colony could be saved by a revival of the old, famous and strong team of Service and Berry’.
\item MAM, 6/1/1893, p.3; 9/1/1893, p. 12/1/1893, p. 14/1/1893, p.2. A meeting of Conservatives was held a few days before Patterson moved a no-confidence motion against Shiels. Patterson warned members that, if his motion was successful, he would not accept the Premiership unless he had ‘unrestricted’ control of future policies. These included ‘thorough’ retrenchment in the public service, a reduction in grants and subsidies, progressive public works, the expansion of commerce, and the pursuit of Federation. A policy aimed at increasing rural exports would also be pursued since Patterson believed these held the solution to the current economic crisis.
\item Tregenza, Professor of Democracy, p.230-36. Before Shiels was deposed he offered his old mentor, Pearson, the post of Secretary to the Victorian Agent-General in London In a letter to Deakin, Pearson wrote that Patterson had achieved the ‘greatest object of his ambition’ by becoming Premier. When Pearson was forced to retire because of ill-health, Patterson refused to grant him a superannuation payment. Pearson eventually died in June 1894. MAM, 5/1/1893, p.2. The MAM printed out that Pearson’s appointment was political patronage similar to that of Cashel Hoey in the 1870s (Chapter 1).
\item MAM, 1/2/1893, p.2. On his return to Castlemaine, the new Premier was greeted by a reception ‘exceeding anything in enthusiasm seen here for many years’. Patterson assured his electorate that he would introduce ‘protection against the world’ but free trade between the colonies.
\item Garden, Victoria: A History, p.205.
\end{enumerate}
\end{footnotesize}
to challenge Patterson’s seat. Rawson contends that Longmore’s subsequent defeat marked the end of the active life of the PPL. Before the election the *Mount Alexander Mail* remarked that, if elected, Longmore could do little to improve the political situation.

Within a few months the Patterson Ministry faced a banking crisis triggered by the suspension of payments by the Commercial Bank. It was believed that the National and other associated banks would be forced to follow the actions of the Commercial. A crisis of confidence in the banking system affected smaller banks, some of which collapsed.

Employers were unable to pay their workers as a result of a decision by the banks to suspend payment. After a statement that ‘we are all floundering’, Patterson declared a five day ‘bank holiday’, in effect a moratorium. B.K. de Garis contends that the banking crisis could have been averted if the Patterson Ministry had pursued the course followed by New South Wales. The banking crisis soon evaporated in New South Wales after the government declared bank notes legal tender for one year whereas it took a further four months before all Victorian banks were operating.

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49 MAM, 1/2/1893, p.2; 2/2/1893, p.2; 4/2/1893, p.2; 8/2/1893, p.2. Robertson urged Castlemaine voters to ‘place national interest above the personal’ and vote for Patterson’s policies of decentralisation. Robertson maintained that, in the event of a Longmore victory, the Ministry would be overthrown if Patterson could not find another constituency. Patterson achieved 1,441 votes and Longmore 617. Robertson remarked that ‘Castlemaine electors have performed their task well...we trust it will be many years before we see interlopers from Trades Hall on our streets’.

50 MAM, 6/4/1893, p.2. Castlemaine tradespeople suffered ‘a great deal of inconvenience’ as Monday was the principal banking day in Castlemaine.

51 B.K. de Garis, ‘1890-1900’, pp. in Frank Crowley, (ed.), A New History of Australia, William Heinemann Australia, Melbourne 1975, (1985), pp.222-23. A vague assurance by the Associated Banks temporarily averted panic before the collapse of the two banks. Following the collapse of the Commercial which had branches in five colonies, the crisis spread beyond Melbourne, eventually plunging the colonies into financial chaos. Most historians agree that the lack of effective support for the beleaguered banks, from the Anglo-Australian banks, exacerbated the crisis.

52 Turner, A History of the Colony of Victoria, p.3 18. Patterson believed his action would reduce public anxiety.

53 This action prevented depositors from exchanging bank notes for gold coin.

Patterson’s actions not only aggravated the banking crisis, but also exacerbated the economic depression. Sinclair comments on the dramatic fall in imports which, in turn, eroded the contribution of tariff duties to the budget. Contributing to the loss of tariff revenue was the exodus of fifty thousand emigrants from Melbourne. This loss not only reflected the demoralisation of the colony, but also the severity of the depression. Sinclair indicates that the Victorian economy showed little growth until March 1895.

Patterson’s response to mounting ‘budget deficits (Table 6.1) was the introduction of stringent budgetary measures together with an enquiry into the effects of protection. In Patterson’s opinion, ‘prohibitive duties have severely affected revenue and commerce and ...injured farming and every other industry in the colony’. Patterson was convinced by 1894 that the massive budget deficit, due to falling tariff duties, could only be solved by the introduction of direct taxation.

The Patterson government’s reaction to the large number of urban unemployed was the introduction of land settlement schemes. Provided with tents ‘and tools of trade, the men were expected to become self-sufficient. A group of Melbourne unemployed was expected to make a living from

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55 Sinclair, Economic Recovery in Victoria, p.21. Many Victorians left the colony for the newly-discovered goldfields in Western Australia and South Africa.
56 Sinclair, Economic Recovery in Victoria, pp. 124-26. After examining the value of imports and exports in the years 1891, 1894 and 1895, Sinclair concludes that the recovery, albeit slow, resulted from the export of dairy products. Exports, which had fallen by six per cent between 1891 and 1894, regained their 1891 level in 1895. Imports fell by 70 per cent between 1891 and 1894, falling a further one per cent in 1895.
57 MAM, 18/9/1893, p.2. It was Patterson’s belief that the 1892 tariff discouraged any future free trade between the colonies. Patterson admitted that the tariff, when first introduced, had encouraged the establishment of industries, a high rate of wages, and ‘plenty of employment’. However, he maintained that the current tariff placed a heavy burden on the mining and agricultural sectors at a time when the colony depended on an expansion of its exports.
58 MAM, 1/9/1894, p. 71911894, p.2. Income tax had always been opposed by Conservatives. Patterson now proposed an income tax and a tax on land owned by absentee landlords.
59 MAM, 12/4/1893, p.228/7/1894, p.2. Patterson informed a deputation of the unemployed that it was not the government’s duty to provide employment. According to Patterson they were ‘...without hope, independence and energy and that adopting this tone made them more disposed to magnify the difficulty. It was not patriotic ...as citizens of Australia...let them build up the country and not teach the whole people to be a race of beggars’. Trenwith, the Labour MLA believed that, as private enterprise had failed to come to the men’s rescue, the government should act ‘as in the case of smallpox’. Robertson regarded Patterson’s plan to place the unemployed on land settlements as impracticable. He also believed that Patterson’s retrenchments had exacerbated the economic crisis.
cutting timber on ten acre blocks in a forest near Castlemaine. These men returned to Melbourne within a year after earning only ten to twenty shillings per week. An earlier supporter of Patterson, the Mount Alexander Mail now criticised the stringent budgetary ‘measures of the new Ministry. Robertson conceded the necessity for a strong Administration but queried the need for such drastic action.

With unemployment still at a high level, earlier enthusiasm for the Patterson Ministry had evaporated by August 1894. Patterson and many members of his Cabinet were tainted by their involvement in speculative land deals. The Age declared ‘The very political depravity of the Premier has raised up a revulsion of feeling’.

Wright and Turner attribute the government’s unpopularity to the land deals and the severe budgetary policy. McQueen’s study suggests a further reason for the demise of the Patterson government. The earlier loose alliance of the Conservatives and Liberals had collapsed with the

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60 MAM, 26/4/1893, p.15/5/1893, p.3; 19/6/1893, p.30/4/1894, p.4/6/1894, p.2; 11/4/1894, p.2. Lack of food drove the men to beg for food from local residents. The local policeman made arrangements for the provision of food by a storekeeper. ED. Williams accused the government of enticing the unemployed to the country where they were supported by the charity of local residents. In support of Williams’ statement, the MAM claimed it knew of many incidents of this nature.

61 MAM, 16/1/1894, p.2; 23/2/1894, p.2; 16/4/1894, p.2. Higher railway freight charges were introduced in an attempt to raise extra revenue. This action had the reverse effect and resulted in a reduction in revenue from railway freight. Claiming freight charges were too high, the MAM remarked that horse-drawn ‘teams’ were seen travelling through Castlemaine each day. Wagons were built for this purpose and used by several Castlemaine tradesmen in 1894. Teams were used by Thompson’s Foundry for cartage of its machinery. T. Odgers, a Castlemaine timber merchant, made a cost savings of £10 by bringing 19 tons of timber from Bendigo by wagon.

62 MAM, 10/7/1893, p.2. Robertson commented that ‘...people like a strong leader...there is no hesitancy about Patterson’s policy...he plainly tells them ‘I know what I’m doing, I lead; it is for you to follow’.

63 MAM, 18/3/1893, p.2; 1/5/1893, p.2. Patterson reduced the size of the public service and reduced municipal grants. Three Castlemaine schools were amalgamated. The government planned to retire the colony’s truant officers, singing, and drawing teachers at the end of June.

64 de Garis, ‘1890-1900’, p.225. Although there are no firm employment statistics for the 1890s, it appears between 25 and 30 per cent of skilled tradesmen were unemployed. It is believed the figure for unskilled workers was higher.

65 MAM, 28/5/1894, p.2. Patterson was awarded a KCMG in May 1894.

66 Cannon, The Land Boomers, p.205; p.213. Under the Victorian Companies Act, a proportion of a company’s creditors could force a ‘secret composition’ of any amount on all its creditors. It was common for friends and relatives of debtors to ‘stack’ meetings of creditors. No court had the power to prevent the subsequent ‘secret composition’ from being registered and debtors were freed from all obligations. Patterson had been involved in the Marigyrnong Park Estate land subdivision with the notorious land speculator Thomas Bent. Insolvency records indicate that Patterson paid creditors one shilling in the £ on debts amounting to £11,690 in November 1892.


advent of the Patterson government. This alliance had been based on an acceptance of the tariff by most Conservatives however, many Conservatives had now returned to their earlier philosophy of free trade. A report by the Age in 1892 indicates that an increasing number of Conservative politicians had now joined the Country Party. This organisation was concerned over the inflationary effects of the 1892 tariff on exports of gold and agricultural produce.

Patterson’s Tariff Board of Enquiry submitted its findings in June 1894. The Board recommended the retention of certain duties but a reduction in the tariff on a substantial number of items. The Free Trade Democratic League of Victoria welcomed the reductions but maintained they did not go far enough. Robertson believed the thrust of the report was the ‘elimination of prohibitive duties …whilst adhering to the principle of protection and to secure (sufficient) revenue’. 

Before Patterson could introduce ‘the Tariff Board’s recommendations, Turner the Liberal-protectionist Leader of the Opposition, passed a successful vote of no-confidence in the government. The subsequent election was fought over the issue of free trade or’ protectionism. Pressure to modify the party line on protection was exerted on Turner by certain Liberal party members. These members had noted the strong public feeling in favour of a tariff reduction. Several Liberal politicians argued that the tariff question would disadvantage their chances of re-election. While many Victorians supported a reduction in the tariff, the results of the 1894 election indicate

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69 McQueen, ‘Victoria ’, pp.300-1
70 Age, 10/2/1892, p.4.
71 MAM, 16/6/1894, p.2; 2/8/1894, p.2. Recommendations included the retention of the duty on blankets but a reduction of the tariff on woollen piece goods from 40 to 30%.
72 Argus, 7/8/1894, p.5.
73 MAM, 2/8/1894, p.2.
74 Humphrey McQueen, ‘Victoria’, p.301.
75 MAM, 4/9/1894, p.2. An Argus report, published in the MAM, pointed out that ‘the higher the duties, the less Customs receipts’ . Victoria, with the highest duties ‘obtains the lowest revenue per capita of any of the great Australian colonies. Even the ‘10- 15 per cent tariff of New South Wales brings in more revenue than the 40-50 per cent in Victoria’. 
that a substantial number of Castlemaine voters supported its retention.

Patterson campaigned on the premise that prohibitive duties had ‘...not only brought destruction to protection, but injured farming and every other industry in the colony’. Patterson’s call for the introduction of direct taxation indicates that he had moved away from the traditional Conservative stance on this issue.\textsuperscript{76} Castlemaine Woollen Mill employees, alarmed over the implications of a return of the Patterson government, issued a statement calling for the retention of the 1892 tariff.\textsuperscript{77}

Patterson’s political rival in this election was Edward Williams, now Managing Director of the Castlemaine Woollen Mill.\textsuperscript{78} A Liberal, Williams not only supported direct taxation, but also favoured the retention of the level of the 1892 tariff. Electoral results indicate that Castlemaine voters favoured Williams over Patterson (Figure 8).\textsuperscript{79}

Many Conservative politicians lost their seats in the election of 1894. According to McQueen, Liberalism ‘had re-established its hegemony via protection’.\textsuperscript{80} The United Liberal and Labour Party (ULLP), which had superseded the Progressive Political League, won ten seats.\textsuperscript{81} On becoming Premier, Turner intimated that he would not only postpone

\begin{flushright}
\textsuperscript{76} MAM, 1/9/1894, p. 7/9/1894, p.2. Patterson pointed out that the effects of the 1892 tariff had eroded the colony’s revenue base.
\textsuperscript{77} MAM, 23/2/1894, p.2; 11/8/1894, p.3. Williams estimated that the mill’s 71 employees would lose their jobs ‘...if all duties were removed’. , .
\textsuperscript{78} MAM, 11/8/1894, p.3; 31/8/1894, p.2
\textsuperscript{79} MAM, 30/8/1892, p. 3/9/1894, p.2. 21/9/1894, p. • 25/9/1894, p; 25/10/1894, p.2. The Labour candidate, G.W, Greenhill withdrew from the election campaign due to ill-health. Gordon polled 1058 votes while the two successful candidates, Patterson and ED. Williams, polled 1 198 and 1206 respectively. Zeal was returned unopposed to the Legislative Council. A popular local politician since 1886, Gordon lost his seat to Williams. Gordon was not a wealthy man and funds were raised locally to cover his election expenses.
\textsuperscript{80} McQueen, ‘Victoria’, p.301. The division between the Conservatives and Liberals over the protection issue weakened the bargaining power of the ULLP. It now possessed no opportunity to trade support for concessions from the Liberals. The ULLP could only act as the ‘advance guard’ of Liberalism.
\textsuperscript{81} Tanner, ‘A Protracted Evolution’, p.40. The ULLP was described as the ‘leftist’ wing of the Liberal Party by contemporary press and Parliamentary reporters.
\end{flushright}
Figure 8. Edward Williams, MLA for the Castlemaine Electorate 1894-1904. c.1890.

Source: Helen Vellacott, Castlemaine.
a tariff revision until the following year, but also establish a new ‘reorganised Tariff Board’.82

Successive governments from 1890 to 1894, despite their preoccupation with the pressing problems of the economic depression and the tariff, gave considerable attention to Federation. It was recognised by both sides of the political spectrum that the abolition of inter-colonial tariffs would give Victorian manufacturers access to a wide common market.83 Buckley and Wheelwright argue that the major thrust for Federation came from Victorian manufacturers.84 The major impediment to Federation was the high Victorian tariff, described by Service as ‘the lion in the path’.85

**THE CASTLEMAINE ECONOMY**

Following the severe flood of 1889 (Chapter 5), the Castlemaine Borough Council sought government funding for clearing the creeks of tailings washed down from sluicing sites. Councillors were extremely concerned that the clogged waterways would prevent a free flow of water in the event of any future flood. Such an occurrence had the potential to devastate the township and industries of Castlemaine.86

With a limited budget, the Shiels government was reluctant to fund the project. However, the first of a succession

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82 MAM, 3/10/1894, p.2.
83 Buckley and Wheelwright, No Paradise for Workers, pp.210-i 1. There were numerous conflicts of interests arising from the prospect of Federation. South Australian manufacturers were doubtful of their ability to compete with Victorian manufacturers. Queensland sugar growers, employing labourers from the Pacific Islands, feared Federation because of its association with the White Australia policy.
84 MAM, 1 1/3/1891, p.3; Attending the Federal Convention in Sydney in 1891 Fitzgerald called for a ‘just’ tariff to protect Victorian industries. He declared that, although he had ‘once fought the battle for free trade...protection would be the policy adopted by a federated Australia’. Ronald S. Russell, Imperial Preference: Its Development and Effects, The Falcon Press, London, 1947, pp. 16-2 1. Fitzgerald represented Victoria at the first Ottawa Conference in 1894. The objectives of the 1894 conference were the stimulation of trade between the United Kingdom and the Dominions, and the ‘strengthening of the Empire’. English treaties with Belgium and Germany, in 1862 and 1865 respectively, prevented England from giving preferential treatment to the Colonies and exports from England were disadvantaged by Colonial tariffs. The 1894 Conference, together with successive Conferences, sought to gain advantages for both Britain and the Colonies. Canada, in 1898, was the first Colony to implement Empire Preference but Australia did not join until 1907.
85 Geoffrey Sawer, The Australian Constitution, AGPS, Canberra, 1988, p.7
86 MAM, 10/5/1890, p.2; 23/6/1899, p.2. Following a second flood in 1899, the MAM remarked that ‘the rain did not appear to have harmed Castlemaine so the work on the creeks was completed just in time’. 
of grants was awarded in 1894 by the Patterson Ministry. As an indication of the magnitude of the task, it took five years to clear the two creeks of tailings. This project provided employment for local contractors and their employees up until 1899.87

There had been little government interest in 1882 in the provision of a railway spur line to facilitate the access of Castlemaine manufactures and produce to inter-colonial markets (Chapter 4). The proposal was raised again in 1890, this time by Castlemaine Borough Councillors88 who believed that the line would have the additional benefit of attracting the much-desired railway workshops to Castlemaine.89 Council’s initiative was followed by the establishment of the Castlemaine Central Railway League which circularised every Victorian politician. However, Munroe was disinclined to fund new lines after Gillies’ extravagant railway expenditure. The movement soon collapsed and the Castlemaine Railway League held its last meeting in April 1891.90

The Castlemaine Borough Council initiated the opening up of the depleted alluvial wastelands for fruit and vegetable growing. In view of the success of the Harcourt orchards, it was believed that the region would derive

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87 MAM, 28/5/1889, p.2; 15/7/1892, p.2; 23/9/1892, p.2; 20/4/1893, p.2; 25/7/1894, p.2; 10/11/1894, p.2; 30/11/1896, p.2; 23/6/1899, p.2. For the sake of convenience, sluicers I deposited tailings in the two creeks over the past 30 years, a practice which continued after the 1889 flood. Consequently, the level of tailings in 1892 was higher than immediately after the flood. In 1892 the Council introduced a by-law to enforce the stacking of tailings on creek banks. Investigations, made by the Council following the sluicers’ refusal to comply with the by-law, revealed that the Mining Board had the sole responsibility for the disposal of tailings. The Mines Department appears to have had little interest in placing pressure on the local Mining Board to police the actions of sluicers. The Department merely suggested that it might be possible for Council to obtain an injunction restraining the sluicers’ actions. Ralph W. Birrell, Staking a Claim: Gold and the Development of Victorian Mining Law, Melbourne University Press, Melbourne, 1998, p.96 The Mining Statue of 1865 had given Mining Boards power to control sludge (tailings) and to levy fees to cover the costs. This was enforced at Bendigo where sluicers were taxed for the upkeep of sludge drains.
88 MAM, 2/4/1891, p.2; 29/4/1891, p.2. The Castlemaine Mayor saw an additional, and grandiose, benefit arising from a new spur line. He believed that Castlemaine ‘had as good a claim as other places to be named the capital of Federation’. If this eventuated Castlemaine might become the hub of further railway lines converging on the town. Matthews also supported the notion of Castlemaine becoming the future Federal capital.
89 MAM, 517/1890, p.29/4/1890, p.2. Politicians were asked to consider the superior claim of the Castlemaine Railway League which had been established after the Council initiative. A new railway line between Tallarook and Elphinstone, covering a distance of 41 miles, would provide a link bdt New South Wales and South Australia. Bendigo was also placing pressure on the government for a new spur line between Violet Town and Bendigo.
90 MAM., 29/4/1891, p.2; 31/8/1893, p.2.
considerable economic benefit from productive use of the deserted alluvial goldfields. Supported by all of the electorate’s political representatives, the proposal was opposed by the Castlemaine Mining Board. The project took several years to reach fruition due to the uncooperative attitude of the Board (Appendix 7).

CASTLEMAINE WOOLLEN MILL
Statistics indicate a marked improved in the mill’s economic performance in the years 1893 and 1894 (Table 6.3). The mill’s liabilities were reduced in 1894 and, for the first time, dividends were paid on a reasonably regular basis. In the same year, annual production records were broken and more staff employed to cope with an increasing demand for goods. Williams attributed the latter phenomenon to the new tariff.

Increased sales had enabled the purchase of new machinery capable of economies-of-scale. Mass production had not only reduced manufacturing costs by twenty per cent, but also increased output by three hundred per cent. According to Williams, the introduction of modern machinery had now placed the mill in a position where it could compete with imports.

George Bruce, of the importing firm of Patterson, Laing and Bruce, disputed a claim made by Williams that the quality and price of the mill’s blankets attracted demand. Conceding their high quality, Bruce pointed out that the mill’s blankets were more expensive than the imported variety. Workers earning £2 per week could only

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91 MAM, 23/2/1894, p.2. The mill had reduced its liabilities from £10 000 to £4 000 by 1894.
92 MAM, 8/7/1893, p.2; 18/4/1894, p.2. Employees’ e had increased after the introduction of piecework in 1891 Williams commented that the mill not only provided employment for many residents, but also enabled young people to assist their parents or support their widowed mothers.
93 MAM, 1/9/1892, p.2; 7/11/1893, p.2. Directors attributed the mill’s success to Williams who had been ‘assiduous and indefatigable in his efforts to promote the welfare of the company’.
94 MAM, 18/4/1894, p.2
95 MAM, 5/6/1893, p.2; 6/21/1894, p.2.
96 MAM, 18/4/1894 1894, p2
97 MAM, 18/4/1894, p.2.
TABLE 6.3
Annual Reports by Directors of
the Castlemaine Woollen Mill 1890-1894

<table>
<thead>
<tr>
<th>Date of Directors’ Meeting</th>
<th>Dividend</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8/1890</td>
<td>% Nil</td>
<td>£ 977.8.1</td>
</tr>
<tr>
<td>4/8/1891</td>
<td>7 1/2</td>
<td>£ 1755.19.5</td>
</tr>
<tr>
<td>1/9/1892</td>
<td>6</td>
<td>£ 2542.15.0</td>
</tr>
<tr>
<td>3/8/1893</td>
<td>7</td>
<td>£ 2464.2.7</td>
</tr>
<tr>
<td>9/8/1894</td>
<td>* 1/6 per share</td>
<td>£ 2605.9.5</td>
</tr>
</tbody>
</table>

*The dividend was not expressed in per centage terms at the 1984 Meeting.

afford to buy cheap imported cotton blankets which were duty-free.98

Over a number of years clothing manufacturers had objected to the high tariff on woollen goods (Chapter 5). In 1893 a deputation from tailoring organisations asked Patterson to reduce the tariff on woollen cloth by fifty per cent. The 1892 tariff had not only endangered their domestic trade, but also their inter-colonial trade.99 In accord with these sentiments, the Argus pointed out that the ‘poorer classes’ had been reduced to wearing clothes made from flannelette, a material containing no wool.100 This was followed by an Editorial in the Mount Alexander Mail calling on Patterson to reduce the tariff. According to Robertson, ‘protection and prohibition are two different things’. Robertson was concerned over the exodus of Melbourne mercantile firms for Sydney as well as the effect of the tariff on exports.101

A study by Corden, a twentieth century economist, illustrates the arguments of the tailoring organisations, and of Robertson. Corden calls a tariff an ‘indirect tax’ on materials. This has the effect of raising the costs of the material-using industries, and also of export industries. From the latter’s point of view, it has the same effect as a rise in money factor prices and similar to a rise in the exchange rate.102

The 1892 tariff appears to have protected employees in the Castlemaine Woollen Mill from the rigours of the economic depression. Unlike those in certain other trades, mill workers experienced no fall in their wages. Nor did they lose their jobs. A study by Fahey compares the levels of unemployment experienced by a range of industries during

98 MAM, 26/6/1894, p.2. The price of blankets depended on their weight. The lowest price of Castlemaine blankets was 2/1 1 per pound against English blankets which cost 2/6 per pound. The Castlemaine mill also manufactured a cheaper blanket, containing a proportion of cotton, at a cost of 2/2 per pound. Imported cotton blankets sold for 5 pence per pound.
99 MAM, 24/8/1893, p.3.
100 Argus, 7/4/1894, pp.8-9. The Argus was still a supporter of free trade, Conservative values.
the economic depression. Fahey concludes that workers in the clothing industry were the least affected.\textsuperscript{103}

**THOMPSON’ S FOUNDRY**

James Thompson considered that the pre-1892 tariff had bestowed sufficient protection on Victorian metal manufacturers. It took two years for the inflationary effect of the Shiels tariff to erode the foundry’s competitive position. By 1894 Thompson found that the 1892 tariff had ‘almost precluded’ the export of machinery to other colonies, particularly to New South Wales.\textsuperscript{104} The partial loss of the New South Wales market appears to have been off-set up by exports of mining machinery to the newly-discovered goldfields in Western Australia.\textsuperscript{105}

The foundry\textsuperscript{106} continued with the manufacture of its staple products: railway equipment,\textsuperscript{107} mining machinery, and irrigation pumps.\textsuperscript{108} In 1893 work commenced on the largest project ever undertaken by the foundry. This was the provision of machinery for the Spotswood sewage pumping plant.\textsuperscript{109} A massive engineering undertaking, the pumping station was established to discharge sewage effluent from Melbourne to the Werribee sewage farm. Pyke \textit{et al} believe this was the largest public works project undertaken by the government during the economic depression. It not only created work for the unemployed,

\textsuperscript{103} MAM, 23/2/1894; 19/12/1881, p.2; 2312/1894, p.2. The wages of male employees at the Castlemaine mill rose from £3 in 1881 to £3.3. 10 in 1894. Charles Fahey, ‘The Aristocracy of Labour in Victoria 1881-191’ 1’ in Australian Historical Studies, Vol. 102, April 1994, p.

\textsuperscript{104} MAM, 23/2/1894, p.2. After Victoria, New South Wales was Australia’s most heavily industrialised colony.

\textsuperscript{105} MAM., 16/12/1890, p.2; 17/6/1891, p.2; 13/8/1892, p.2; 26/10/1894, p.2. Mining machinery was also exported to Tasmania, India, and the Malayan Peninsula. It is probable that the foundry’s ability to compete with New South Wales for exports of mining machinery to other colonies, d overseas, was due to its experience and expertise in the manufacture of these items.

\textsuperscript{106} MAM, 41511894, p.2. The Thompson brothers bought . the machinery, plant, land, buildings, good will and patent rights of Horwood’ s Albion Factory in 1894. Horwood had informed the Tariff Commission in 1882 (Chapter 4) that protection placed an economic burden on his business.

\textsuperscript{107} MAM, 9/7/1890, p.2; 15/7/1890, p.2. In 1890 the foundry submitted the only tender for a three year contract, worth £60 000, for the provision of railway points and crossings. Melbourne firms could not compete on a cost basis with Thompson’s.

\textsuperscript{108} MAM., 9/3/1891, p.2; 10/6/1892, p.2; 30/9/1893, p.2

\textsuperscript{109} MAM, 12/5/1893, p.2. The tender price was £38 925,19,7,
but also created a demand for the products of local industry.\footnote{Sue Pyke, Patrick Miller, and Tony Dingle, ‘The Spotswood Pumping Station: Two slices of its Past’ in Royal Historical Society of Victoria Journal, Vol. 61, August, 1990, pp. 158-159. Planning for the project commenced in 1890.}

There was considerable lobbying by Victorian engineering firms and the Victorian Engineers’ Society for the tender to be awarded to a domestic firm. The Commissioners of the newly-established Melbourne and Metropolitan Board of Works expressed their concern that local manufacturers could name their own price because of the high tariff. These concerns proved groundless as Victorian firms submitted tenders far lower than those from overseas. The economic depression had led to a steep fall in labour costs.\footnote{Pyke et at, ‘The Spotswood Pumping Station’, pp. 162-63. The six overseas tenders ranged from £76 800 to £100 000. The Thompson Foundry tender was £20 000 lower than the next lowest tender. This was a little more than half the Commissioners’ original estimate of pumping equipment, based on costs of British equipment. MAM, 12/5/1893, p.2. T MAM stated that the tenders submitted by British and American firms were twice the amount of Thompson’s tender. Fahey, ‘The Aristocracy of Labour in Victoria’, p.90. Labour costs fell considerably over the depression. Fahey indicates that labourers, building tradesmen, and metal tradesmen were the worst affected. MAM; 13/8/1894, p.2. After eight engineers expressed their dissatisfaction over ‘shop rules’, the MAM remarked that the foundry would have no trouble replacing the workers. The MAM pointed out that ‘Thompson’s can find hundreds of tradesmen to take the place of the dissatisfied ones’. Thompson’s Foundry was a non-unionist workshop.}

Although only four pumps were initially required for the Spotswood project, the Mount Alexander Mail was confident that the foundry would secure contracts for the further twenty pumps needed for the enterprise.\footnote{MAM, 13/5/1893, p.2. The MAM believed the contract would provide local employment for a number of years and give an impetus to ‘all kinds of trade’ in Castlemaine.} As a result of the new contract, the foundry was extended to accommodate a workforce which had grown to two hundred.\footnote{MAM, 13/9/1890, p. 19/8/1893, p.2; 30/9/1893, p.2; 23/2/1894, p.2. The workshops now covered an area comprising four acres. To complete the contract on time through the use of a night shift, the foundry converted its gas lighting system to electricity.}

**CASTLEMAINE BREWERIES**

Evidence suggests that neither the economic depression nor the 1892 tariff disadvantaged the two local breweries. A higher tariff on glass was introduced in 1892 (Table 6.2) but, concurrently, colonial ale and spirits received further protection. In 1891, and again in 1894, Fitzgerald reported to shareholders that the depression
had not adversely affected the business. The Castlemaine enterprise was the only Australian brewery continuing to pay a regular dividend throughout the depression. Details of only one Annual General Meeting of the Standard Brewery are reported in the Mount Alexander Mail. At this meeting in 1891, shareholders were informed that a ‘good profit’ had been made despite the economic depression.

COACH FACTORIES
After the introduction of the 1892 tariff, some Victorian coach builders called for the abolition of the tariff on imported timber components used in their industry. However, the economic depression appears to have had little effect on the local coachbuilding industry. The Mount Alexander Mail remarked in 1893 that Williams’ business, formerly owned by Gaulton, was ‘extremely busy supplying orders from Castlemaine and further afield’. Two more coachbuilding factories were established in Castlemaine in 1894.

QUARRIES
The use of granite for the construction of the New York Equitable Life Assurance Society office building in Melbourne provided a temporary source of employment at the Harcourt Granite Quarry (Figure 9). A portion of the quarry’s workforce was dismissed following the downturn in the building construction trade during the recession. The Castlemaine Slate Quarry was not only affected by the

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114 MAM., 20/3/1890, p. 29/7/1891, p. 10/1/1893, p.2; 11/1/1894, p.2. Fitzgerald attributed the brewery’s success to the careful management and great devotion of Newman the manager.
115 MAM, 9/1/1890, p.2; 22/7/1890, p.2; 1/8/1891, p. 29/7/1891, p.2; 7/1/1892, p.2; 10/1/1893, p.2; 20/7/1893, p.2; 11/1/1894, p.3; 19/7/1894, p.2
116 MAM, 19/2/1891, p.2; 9/5/1892, p.2. The Standard Brewery operated under the name of Joseph Young and Company after it was sold in 1892 to Joseph Young, H.W. Collett, and J.C. Greaves.
117 MAM, 2011211894, p.2.
118 MAM, 6/10/1891, p.3. W.R. Williams purchased the Castlemaine Coach Factor from W. Gaulton in 1891.
119 MAM., 8/7/1892, p.2.
120 One factory was established by A. Johnston, the other by Thomas Dunstan.
121 MAM, 3 1/3/1892, p.2; 2519/1893, p.2. Eight thousand tons of granite were sent to Melbourne over a period of 18 months. Construction of the seven storey building, on the corner of Collins and Elizabeth Streets cost the sum of £500 000.
122 MAM 25/9/1893 p 2 5/10/1894 p 2
Figure 9. Laying of the foundation stone of the New York Equitable Life Assurance Society Building by the Hon. Sir James Patterson KCMG, Premier of Victoria, on 6/3/1893. Patterson is the tall figure nearest the camera in the group on the stone. Sir William Zeal, with hands crossed, stands beside him. Harcourt granite was used in the construction of the building.

Source: Castlemaine Pioneers and Old Residents Association.
downturn in building activities, but also by imports of cheap slate from South Australia.\(^{123}\)

**OTHER INDUSTRIES**

Scant information is available relating to the activities of the Melbourne and Castlemaine Soap and Candle Co.\(^{124}\) Cunnack’s tannery is mentioned only once by the *Mount Alexander Mail*. This report, in 1898, suggests that the tannery was not affected to any great extent by the economic depression or the stock tax.\(^{125}\) Although the tariff on leather was raised in 1892, this did not match the massive increase in the stock tax (Table 6.2).\(^{126}\)

**GOLDMINING**

Castlemaine goldmining remained in the doldrums from 1890 to 1894. Yields had fallen slightly (Table 6.4) from the previous five year period and local investors were reluctant to support new ventures.\(^{127}\) A decline in gold yields over the past decade contributed to the closure of Yeats’ Pyrites Works, a solid contributor to the town’s economy since the 1860s.\(^{128}\)

As part of his drive to reduce subsidies Patterson withdrew the gold prospecting vote from the 1893-1894 budget, a saving of £33 000.\(^{129}\) The Patterson government

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\(^{123}\) MAM, 27/5/1892, p.2; 1/6/1892, p.2. The Castlemaine Slate Quarry had lost a Victorian government contract to a South Australian tenderer. Patterson pointed out to the Minister of Public Works that this decision had resulted in a loss of employment opportunities in Castlemaine. Specifications for future government buildings were subsequently amended to the use of slate of ‘approved’ quality, irrespective of its origin. Due to Patterson’s intervention, the local quarry won the tender for the provision of slate for the Bendigo Law Courts.

\(^{124}\) MAM, 25/2/1890, p.3; 29/3/1890, p.2. A dividend of 12 per cent had been anticipated but, because of damage by the 1889 flood, a dividend of only 10 per cent was paid in 1890. The 1892 tariff made no changes to the level of protection received by this industry.

\(^{125}\) MAM, 17/8/1898. According to the MAM, Cunnacks, the oldest leather manufacturer in the colony, had ‘for a very long time...been one of the hives of industry that have so largely helped to preserve the prosperity of the district’. Victoria had overcome the shortage of wattle bark by the early 1890s.

\(^{126}\) MAM, 23/8/1892, p.3. A deputation from the Boot Manufacturing Association complained to the government over the high 1892 tariff on imported leather.

\(^{127}\) MAM, 12/2/1892, p.2; 24/10/1892. W. Dunstan, the Chairman of the Forest Creek Prospecting Company referred to the ‘shameful apathy of some townsmen’. The MAM believed the ‘spirit of mining has relaxed’.

\(^{128}\) MAM, 19/8/1887, p. 1/8/1890, p. 2/8/1890, p.2; 12/8/1890, p.2. Yeats’ problems were exacerbated by expenses incurred in complying with municipal by-laws (Chapter 5). In 1890 Yeats tendered his resignation from the Castlemaine Borough Council because of his ‘adverse circumstances’.

\(^{129}\) MAM, 3/4/1893, p.2. The government’s decision does not appear to have evoked any opposition from mining entrepreneurs in Castlemaine. Patterson maintained that the sum of £300 000 spent by earlier governments on gold prospecting had been ‘wasted’.
### TABLE 6.4

Gold Production in the Castlemaine Region

1890-1984

<table>
<thead>
<tr>
<th>Year</th>
<th>ozs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>6,045.00</td>
</tr>
<tr>
<td>1891</td>
<td>5,092.00</td>
</tr>
<tr>
<td>1892</td>
<td>4,930.00</td>
</tr>
<tr>
<td>1893</td>
<td>6,984.00</td>
</tr>
<tr>
<td>1894</td>
<td>9,083.00</td>
</tr>
</tbody>
</table>

Source: Compilations by C.E. Willman, Senior Geologist, Minerals Victoria, from Official Mining Department Quarterly and Annual Reports, 1996.
then embarked on an unrealistic venture to provide work for the unemployed. These men were given basic fossicking tools and sent to old alluvial fields. It was soon found that the men had no means of crushing any gold-bearing quartz they discovered.130

In 1893 the Castlemaine Borough Council attempted to solve the problem of unemployed sluicers. A successful approach was made to the government for the provision of free water to unemployed sluicers over the winter months. Water rates were imposed after sluicers earned more than £1.10.0 per week.131

With no free water supplied over the summer months, many unemployed sluicers from Castlemaine left for the new goldfields in Coolgardie.132 Water rates were reduced in the summer of 1894 following a request by a deputation of sluicers.133 Within a few months, the cheap water supply had encouraged more unemployed men to engage in sluicing activities. An increase in water sales, higher than anticipated, led to an extension of the offer until the end of December 1894.134

The effect of the tariff on the mining industry is unclear. Conflicting evidence was presented by local witnesses before the Tariff Board of Enquiry of 1893. A

130 MAM, 19/4/1894, p. 30/10/1894, p.2. By April 1894, approximately 4 000 unemployed men were sent to the goldfields by the government. The Castlemaine Mining Board received a letter from the Secretary of Mines seeking the whereabouts of land suitable for men to work ‘with a fair chance of getting a living’. One Mining Board member, E.H. Rowe (brother of Hannibal Rowe), declared that ‘since the depression many had come to the locality and done well’. Rowe’s statement was refuted by three other members, including Gordon MLA. These members stated that even experienced miners were encountering financial difficulties. MAM, 26/4/1894, p.2. A report by the MAM indicates that Rowe was incorrect. The net return of many sluicers was nine shillings per week in the summer of 1894.

131 MAM, 3/6/1893, p.2; 23/6/1893, p. 26/611893, p.2; 16111/1893, p.2. Within a few weeks, fifty men from Specimen Gully and Chewton were working under the scheme. The MAM commented that the scheme was ‘perhaps far better than village settlements suggested by the government’. Sluicers were required to supply a statement of their earnings to their local ‘Free Water Committee’.

132 MAM., 26/3/1894, p.2. The MAM remarked that ‘great numbers are leaving for Coolgardie without an attraction being offered to remain here where they have founded homes for their families. We should not lose these hardy, sturdy men as it will affect the district’s prosperity’. Victorian Year Book 1893, Government Printer, Melbourne, p.74. Castlemaine’s population fell from 6 000 in 1889 to 4 700 in 1892.

133 MAM., 26/4/1894, p.2; 9/5/1894,p.2; 10/ 20/8/1894, p. 19/11/1894, p.2. The government agreed to reduce the price of water as an ‘experiment’ only, depending on its effect on budget revenue.

134 MAM, 20/811894, p.2.
Chewton mine manager, John Waterhouse, considered the tariff on fuse, powder, and ‘other articles’ used in the industry to be too high and recommended its removal. Waterhouse also maintained that the duty on machinery was detrimental to the industry, particularly on one specific machine which was not made in Victoria.135 On the other hand, E.D. Williams maintained that the tariff had little effect on the industry.136 Williams pointed out that the cost of candles and fuse had fallen while machinery costs had fallen due to competition and improved manufacturing techniques.137

The studies of Pyke et al,138 and Fahey,139 support Williams’ contention relating to the falling price of machinery. Domestic metal manufacturers had gained a competitive edge following a fall in labour costs during the 1890s economic depression.140

Waterhouse’s concern over the tariff’s inflationary effect on the cost of non-machinery items was also voiced by two local mine owners during the tariff enquiry in 1881 (Chapter 4). These items were used on a renewable, daily basis whereas mining machinery presented a single, albeit more expensive, initial cost.

There remains the validity of Williams’ comments relating to the costs of non-machinery items. Williams was in the curious position of a witness giving evidence before the Tariff Board of Enquiry on behalf of two industries, goldmining and the woollen mill, each receiving a widely differing amount of protection. Within a few months of the Enquiry, Williams entered Parliament as a Liberal

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135 MAM, 23/2/1894, p. Waterhouse’s statement was challenged by James Thompson of the foundry who stated that this particular machine had been made in the colony for many years.
136 MAM, 18/10/1909, p.3. On his death, ED. Williams was described as one of Castlemaine’s heaviest mining investors and a shareholder in the Spring Gully, Ajax, and Chewton Consols mines. He also operated a hardware and general store in Castlemaine.
137 MAM, 23/2/1894, p.2
140 There is no evidence available to suggest that the cost of non-machinery items had fallen.
protectionist. This raises the possibility that Williams minimised the effect of the tariff on the mining industry.

FRUITGROWING INDUSTRY
Before his death in 1891 Matthews had commented that Harcourt orchardists had been remarkably successful.\textsuperscript{141} Aware of the need for increased exports, the Gillies-Deakin Coalition had introduced measures to support the fruitgrowing industry in 1889.\textsuperscript{142} Successive governments, particularly that of Munro, also extended support to the burgeoning fruit export industry.\textsuperscript{143} It is therefore surprising that the government showed little interest in supporting the efforts of the Castlemaine Borough to open up the Campbells Creek wastelands (Appendix 7).

Inexplicably, governments from 1890-1894 recognised a need for further exports but did little to stabilise the costs of irrigation water. Harcourt orchardists expressed their anger over a rise in the cost of irrigation water while, at the same time, the price of sluicers’ water had fallen.\textsuperscript{144} It was pointed out to Patterson that the Harcourt irrigation scheme had been of great benefit to the district. The Mount Alexander Mail gives no indication of a favourable response by Patterson to the orchardists’ concerns.\textsuperscript{145}

Local orchardists were disappointed that the 1892 tariff conferred no extra duty on imported fruit. Their concern was exacerbated by rumours, ultimately found groundless, likely unfounded, as the government had no intention of introducing such measures.

\textsuperscript{142} MAM, 20/9/1889, p.2; 12/10/1889, p.2. Fruit exports were estimated to return £6m per annum.
\textsuperscript{143} MAM, 30/1/1891, p.2; 29/9/1891, p.5/1/1892, p.2; 9/1/1892, p. 19/1/1892, p. 21/1/1892, p.2; 12/8/1893, p.2; 16/2/1894, p. 5/6/1894, p.2; 9/7/1894, p.3. Munro fruit export bonus of 2/- per case. Fruitgrowers were given concessions for railway freight which were later removed by the Patterson government. Munro used the London Agent-General and officers of the Department of Agriculture to secure an overseas market for Victorian fruit. A bonus of £18 500 was offered to fruit growers as an incentive for the establishment of co-operative canner enterprises.
\textsuperscript{144} MAM, 22/9/1887, p.2; 10/5/1894, p.2. The cost of irrigation water had risen from: 2d. per 1 000 gallons in 1887, to 3d. in 1894. For the same volume of water, sluicers paid '&d. over the winter months, and during the rest of the year.
\textsuperscript{145} MAM, 1 1/4/1894; p. 2.
that the level of the 1889 tariff on green fruit would be reduced (Table 6.2). Victorian orchardists faced stiff competition from imports of cheap bananas from 1890-1894. The Castlemaine Fruitgrowers’ Association engaged in a long, and unsuccessful, battle for the introduction of a tariff on bananas. The *Argus* remarked that Harcourt orchardists had given ‘…an extended meaning to the cant phrase ‘the protection of native industries’.

An examination has been made of the inputs used in the production of apples and pears in an attempt to determine the inflationary effect, if any, of the tariff on these items. There are no reports in the *Mount Alexander Mail* to suggest orchardists were unduly concerned over this issue. Two dutiable items were used in the transportation of fruit: hardwood and softwood for fruit cases, and ‘antiseptic’ tissue. The 1892 tariff increased the duty on both timber and paper (Table 6.2). Although the presence of insect pests is noted there is no indication of a duty on the substance used in their eradication.

**BUTTER FACTORIES**

As part of its drive for increased exports, the Gillies-Deakin Coalition had instigated a bonus system to encourage the establishment of butter and cheese factories. By 1894, five butter factories had been established in the Castlemaine region.

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146 MAM, 6/8/1894, p.2. Mildura fruitgrowers remarked that the advantages gained from duties on fruit would soon vanish. They declared that there was ‘unanimous feeling’ for free trade between colonies.

147 MAM, 28/7/1890, p.2; 1 1/1/1892, p.2; 13/8/1892, p. 6/8/1894, p.2. Wholesalers bought apples and pears at a low cost and sold them at a high price. This practice resulted in a demand for bananas, a considerably cheaper fruit. Robertson commented that ‘the greater the amount of protection, the more closely it creeps towards prohibition, the nearer we approach the inevitable reversion to free trade’.

148 MAM, 28/7/1892, p.2; 8/1/1894, p. 31/3/1894, p.2

149 MAM., 28/7/1892, p.2.


150 MAM, 7-6/1892,p.3; 10191892,p.2; 3 IO/IO/1894,p.2; 24/11/1894, p.3. The five butter factories were established at Sutton Grange, Baringhup, Newstead, Guildford and Franklinford.

151 Powell, Watering the Garden State, pp.1 134 17. MAM, 24/6/1895, p.2. Service’s earlier promotion of irrigation projects was vital to the provision of cream for Castlemaine butter factories. Local butter factories gained access by train to cream produced at Rochester. The Waranga Canal, “ hich pros ided water for the Rochester region was constructed a few years after the introduction of the 1886 Irrigation Act.
SOCIAL WELFARE IN CASTLEMAINE
The operations of the Asylum and its Ladies’ Committee were affected by a fall in private donations in 1893 ‘due to the economic depression’. 154 The following year the Asylum’s subsidy was reduced by twenty per cent as a result of Patterson’s decision to reduce, or eliminate, government subsidies as a means of reducing the budget deficit. Over-crowding still existed in the Asylum (Table 6.5) and many ‘eligible and deserving’ applicants were waiting to gain admission. This problem was partially solved by the distribution of outdoor relief by the Ladies’ Committee to those awaiting admission. 155

The Mount Alexander Mail reported in 1893 that Castlemaine, was not as severely affected as Melbourne by the economic depression. 156 However, statistics indicate a considerable increase in the need for outdoor relief in 1894 (Table 6.6). 157 There was also an increase in the number of children receiving outdoor relief but there is no indication that these were the children of the unemployed. 158

CONCLUSION
Historians offer several reasons for the onset of the economic depression in Victoria. Sayers suggests the importance of the collapse of land speculation. While acknowledging the roles played by the collapse of the land boom and the withdrawal of British capital, Butlin indicates a more significant factor. This was the conjunction of falling import costs and rising domestic

154 MAM, 28/7/1892; 2/3/1894, p.2; 28/7/1893, p.2; 27/7/1894, p.2. Between 1891-1894, private donations to the asylum had fallen from £3 11.7. 11 to £230. 14. 11.
155 MAM, 10/3/ 1892, p.2; 14/4/1893, p.2
156 MAM, 25/7/1893, p. 25/911894, p.2. In 1894 Robertson remarked that ‘without industry e would not be one of the most solvent up-country towns but. . one much less sparsely populated in its industrial resources’
157 MAM, 22/11/1892, p Insufficient funds in 1892 dictated a reluctant decision by the Ladies’ Committee to reduce the monthly allowance made over the summer months to the frail and elderly Chinese ex-miners. This action was taken to accumulate sufficient funds for the provision of warm clothing and blankets in the following winter.
158 MAM., 10/10/1890, p.2; 101411891, p.2; 29/7/1892, p. 28/7/1893, p.2; 27/7/1894, p.2. The number of children receiving outdoor relief rose from one in 1890 to 30 in 1894.
TABLE 6.5

Expenditure of Castlemaine Benevolent Asylum

1890-1894

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Inmates</th>
<th>Cost per capita per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>103</td>
<td>£</td>
</tr>
<tr>
<td>1891</td>
<td>97</td>
<td>N/A</td>
</tr>
<tr>
<td>1892</td>
<td>103</td>
<td>16.18.11</td>
</tr>
<tr>
<td>1893</td>
<td>103</td>
<td>16.11.0</td>
</tr>
<tr>
<td>1894</td>
<td>105</td>
<td>14.18.11</td>
</tr>
</tbody>
</table>

Source: *Mount Alexander Mail*, Castlemaine, 12/12/1890, p.2; 10/7/1891, p.2; 29/7/1892, p.2; 28/7/1893, p.2; 27/7/1894, p.2.
TABLE 6.6
Relief distributed by the Ladies’ Committee of
the Castlemaine Benevolent Asylum 1890-1894

<table>
<thead>
<tr>
<th>Year</th>
<th>* Men and Women</th>
<th>Children</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>75</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>1891</td>
<td>95</td>
<td>27</td>
<td>588.18.3</td>
</tr>
<tr>
<td>1892</td>
<td>115</td>
<td>15</td>
<td>619.10.7</td>
</tr>
<tr>
<td>1893</td>
<td>94</td>
<td>25</td>
<td>668. 8.2</td>
</tr>
<tr>
<td>1894</td>
<td>117</td>
<td>30</td>
<td>672.11.6</td>
</tr>
</tbody>
</table>

*Prior to 1890 the Annual General reports of the Ladies’ Committee provided the numbers of families assisted. From the date the reports gave the numbers of individuals receiving assistance.

Source: *Mount Alexander Mail*, Castlemaine, 13/6/1890, p.2; 10/4/1891, p.2; 29/7/1892, p.2; 28/7/1893, p.2; 27/7/1894, p.2.
wages in 1889. Sinclair not only supports Butlin’s hypothesis, but also indicates its effect on employment in the manufacturing sector which contained a high proportion of workers.

Garden’s evidence adds weight to the contemporary comments of Patterson MLA and Robertson in relation to Shiels’ 1892 tariff, introduced to correct the budget deficit. All agree that Shiels’ action exacerbated unemployment. Sinclair’s study of the decline in imports, from 1891-1895, indicates the unsustainability of the tariff as a source of revenue after 1891. It could be said that Conservative opposition to Shiels’ preferred option of direct taxation made a not inconsiderable contribution to the prolongation of the depression.

Did Castlemaine fare better than Melbourne in the economic depression? A local depression, accompanied by a rise in the number of children receiving outdoor relief, was noted by the Benevolent Asylum in 1893. On the other hand, the Mount Alexander Mail commented in 1893 that Castlemaine had escaped the social and economic hardship experienced by Melbourne. There is no indication that the economic depression, or the 1892 tariff, disadvantaged local fruit exporters, breweries, coach factories and the tannery.

Evidence presented by Pyke et al, and the *Mount Alexander Mail* suggests that a rise in the level of employment at the foundry was due to several factors, all unrelated to the 1892 tariff. These include public works programs, the opening up of the Western Australian goldfields, and manufacturing expertise. Fahey’s study, however, suggests that a fall in wages made a not insignificant contribution to the viability of the foundry over the economic depression.

Statistics reflect a rise in the profits of the woollen mill from 1891-1894. This phenomenon was accompanied by a rise in employment numbers. Directors ignored the contribution of the 1892 tariff when attributing the
mill’s success to its Managing Director, Williams. While not discounting William’s contribution, it appears more likely that the high level of protection afforded by the 1892 tariff played a more significant role.

Reports by the Mount Alexander Mail lead to the conclusion that the goldmining industry was responsible for the highest level of local unemployment. In support of this argument are Willman’s statistics of lower gold yields, initiatives for cheaper sluicing water, and emigration to Coolgardie.

Corden indicates the effect of protection on the competitive position of exporters, an argument which lends weight to evidence given by regional miners before the 1883 Tariff Royal Commission. It appears likely that the 1892 tariff imposed a further burden on an already ailing export industry.

It is concluded that the economic depression did not affect Castlemaine as severely as Melbourne. For differing reasons, the performance of some industries actually improved during the depression. The goldmining sector appears to have made the major contribution to unemployment.
CHAPTER 7
1895-1901

As the 1892 tariff had failed in its original intention of reducing the budget deficit (Table 7.1), a balanced budget became one of Turner’s major goals on becoming Premier in September 1894. Patterson argues that Turner’s concern over the budget deficit encouraged a reassessment of the ramifications of the 1892 tariff.\(^1\)

The findings of the second tariff enquiry were released in May 1895. Turner’s Tariff Board noted that Shiels had not recognised the destructive potential of his high 1892 tariff. Very few witnesses, particularly those with rural interests, favoured its maintenance. Therefore, the Tariff Board recommended a large number of tariff reductions which, in most cases, returned the tariff to its pre-1892 level (Table 7.2).\(^2\)

Turner accepted the Board’s recommendations but was forced to seek other measures to compensate, in part, for the lost revenue from customs duties. Against Conservative opposition, Turner introduced a graduated tax on incomes exceeding £200 per annum. Opposition from the Conservatives forced Turner to abandon a proposal for taxes on ‘surplus wealth’ and land. As there was still the likelihood of a substantial budget deficit, Turner slashed expenditure on public works, education and defence.\(^3\) A proposal to reduce the payment of Parliamentary members from £300 to £200 \emph{per annum} angered politicians, particularly those from the Labour Party.\(^4\)

\(^1\) Patterson, The Tariff in the Australian Colonies, p. 150. Victorian revenue had fallen by 25 per cent by 1894 whereas, in New South Wales, it had fallen by only 10 per cent. Patterson attributes the more fortunate position of New South Wales public finance, even in the 1890s, to land revenue mainly in the form of conditional-purchase payments and pastoral rents.

\(^2\) VPD, Legislative Assembly, Vol. LXXVII, 4/6/1895, pp.119-126.

\(^3\) Geoffrey Serle, pp.293-96 in ADB, Vol. 12, pp.293-94.

\(^4\) Robertson, Editor of the \textit{Mount Alexander Mail}, 8/11/1894, p.3; 10/1/1895, p.2; Letter from ‘Elector’, in MAM, 12/1/1895, p.2. Robertson comments on the ‘unprecedented spectacle’ of Patterson MLA supporting Labour’s call for salaries of £250. A MAM correspondent criticised Williams MLA for voting against Turner’s proposal. In his election speech Williams, who had supported a reduction of £100, later called for a reduction of only £60.
TABLE 7.1

General Revenue and Expenditure in the Colony of Victoria 1895-1901

<table>
<thead>
<tr>
<th>Year</th>
<th>General Revenue</th>
<th>General Expenditure</th>
<th>Deficit (-) or Surplus (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>1896</td>
<td>6 712</td>
<td>6 760</td>
<td>-48</td>
</tr>
<tr>
<td>1897</td>
<td>6 459</td>
<td>6 540</td>
<td>-81</td>
</tr>
<tr>
<td>1898</td>
<td>6 630</td>
<td>6 569</td>
<td>+61</td>
</tr>
<tr>
<td>1899</td>
<td>6 898</td>
<td>6 692</td>
<td>+206</td>
</tr>
<tr>
<td>1899</td>
<td>7 397</td>
<td>7 115</td>
<td>+282</td>
</tr>
<tr>
<td>1900</td>
<td>7 451</td>
<td>7 319</td>
<td>+132</td>
</tr>
<tr>
<td>1901</td>
<td>7 712</td>
<td>7 672</td>
<td>+40</td>
</tr>
</tbody>
</table>

Source: E.T. Drake, Victorian Year Book 1907-8, No. 1 General Statistical Summary of Victoria from 1836 to 1907 Inclusive, Government Printer, Melbourne, 1908.
TABLE 7.2
Selected Items from the Victorian Tariff of 1895

<table>
<thead>
<tr>
<th>Item</th>
<th>1895</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonial spirits</td>
<td>8/- to 10/- per gallon</td>
</tr>
<tr>
<td>Colonial beer</td>
<td>10d. to 1/3 per gallon</td>
</tr>
<tr>
<td>Malt</td>
<td>3/- per bushel</td>
</tr>
<tr>
<td>Glass</td>
<td>30%</td>
</tr>
<tr>
<td>Leather</td>
<td>30%</td>
</tr>
<tr>
<td>Metal manufactures</td>
<td>30%</td>
</tr>
<tr>
<td>Woollen cloth</td>
<td>25%</td>
</tr>
<tr>
<td>Blankets</td>
<td>25%</td>
</tr>
<tr>
<td>Textile machinery</td>
<td>Free</td>
</tr>
<tr>
<td>Fuse, gun-cotton and explosives</td>
<td>12%</td>
</tr>
<tr>
<td>Candles</td>
<td>1d. per lb.</td>
</tr>
<tr>
<td>Soap</td>
<td>4d. per lb.</td>
</tr>
<tr>
<td>Green fruit</td>
<td>1/6 per bushel</td>
</tr>
<tr>
<td>Paper</td>
<td>20%</td>
</tr>
<tr>
<td>Wrought stone</td>
<td>10%</td>
</tr>
<tr>
<td>Timber (100 super feet)</td>
<td>1/- to 4/-</td>
</tr>
<tr>
<td>Cattle</td>
<td>30/-</td>
</tr>
<tr>
<td>Horses</td>
<td>50/-</td>
</tr>
<tr>
<td>Sheep</td>
<td>2/-</td>
</tr>
<tr>
<td>Pigs</td>
<td>10/-</td>
</tr>
</tbody>
</table>

*Items applicable to Castlemaine.

supported the introduction of a lower tariff but questioned Turner’s stringent budgetary measures. According to Robertson the public not only had to bear most of the cost of economies and retrenchments’, but also of taxation.5

Before the introduction of the new tariff in October 1895, there was considerable public debate over the issue.6 At a caucus meeting the Conservative Opposition Party decided to press for further tariff reductions, particularly those pertaining to the woollen textile industry. Opposition members emphasised that this action was ‘not in any spirit of hostility but in the interests of the country generally’.7 Patterson MLA declared that ‘protection had run mad and become prohibition’. Although he had no desire to disadvantage established industries Patterson believed they had to prepare themselves for Federation.8

Goldminers were also pressing for a reduction of the tariff on items used in their industry. Bendigo’s representative in the Legislative Assembly, Lazarus, pointed out that ‘self-sacrificing miners had been duped over protection’ as the tariff on explosives cost the Bendigo mining industry the sum of £1 250 per annum.9 On the other hand, Melbourne candlemakers held a rally at Temperance Hall denouncing the proposed reduction of the tariff on candles from two pence to one pence per pound.10 Representatives of the tailoring industry called for a

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5 MAM., 10/1/1895, p.2; 11/4/1895, p.161511895, p.2; 6/6/1895, p.2; 29/5/1895, p.2; 3/7/1895, p.2; 20/9/1895, p. 9/10/1895, p. 10/10/1895, p.2. Turner’s economies affected the Castlemaine region in various ways. Fires were to be lit in public offices from June to August only, and Castlemaine, Chewton, Tamdale, Strangways, and Campbells Creek were deprived of their daily telegraphic and postal deliveries. After retrenchments at the Castlemaine Railway Station J. Jones, a train examiner, was required to work 14 hours per day at his previous rate of salary, with one free thy each fortnight.

6 MAM, 16/5/1895, p.2.

7 MAM, 16/5/1895, p.3. Patterson was elected Leader of the Opposition at this caucus meeting. VPD, Legislative Assembly, Vol. LXXVII, 41711895, pp.762-63; Vol. LXXVIII, 15/10/1895, pp. Although the government planned to postpone the tariff reduction on woollen piece goods until 1/1/1897, the Opposition successfully gained a reduction from 40 to 25 per cent.

8 MAM, 13/6/1895, p.3. Patterson pointed out that carriage builders had informed the Tariff Board of Enquiry that they would operate more profitably if some 15 articles were admitted duty-free. In Sydney ‘any kind of conveyance’ could be bought for half the cost of a similar Victorian product.

9 MAM, 211611895, p.3.

10 MAM, 161511895, p.2.
reduction of the tariff on woollen cloth. The high cost of this fabric had compelled the use of poorer quality cloth which, ‘in turn, had reduced profit margins. Lower profits prevented the maintenance of the previous level of wages.\textsuperscript{11}

Williams, MLA for Castlemaine, led the attack in Parliamentary debates over the tariff on woollen goods. Williams saw the reduction of duty on blankets and flannel as a threat to the future of the Castlemaine Woollen Mill.\textsuperscript{12} However, the Board of Enquiry had unanimously recommended a tariff reduction of between twenty-five and fifteen per cent on coloured blankets containing cotton, or ‘poor man’s bedding’.\textsuperscript{13} A motion by a Labour member, Hancock, for the introduction of a one hundred \textit{per cent} tariff on coloured blankets was lost and the duty remained at its original level of twenty-five per cent.\textsuperscript{14}

Williams was challenged on several occasions by Conservative Members over the composition of flannel produced by the Castlemaine mill (Appendix 8).\textsuperscript{15} The \textit{Argus}, an ardent supporter of free-trade and Conservative values, declared that the tariff struggle was one between individual and public interests. As an example, the \textit{Argus} pointed out that Mr. J.H. Gale, Manager of the Castlemaine mill for the past five years, had recently left to enter into a partnership at the Camden Tweed Mills. According to the Argus, Gale’s action justified ‘…the belief that woollen mill directors are romancing when they aver that a duty higher than anywhere else in Australia is not enough for them’.\textsuperscript{16}

\textsuperscript{11} MAM, 2716/1895, p.3
\textsuperscript{12} MAM, 15/6/1895, p.2
\textsuperscript{13} MAM., 11/7/1895, p.2
\textsuperscript{14} MAM.,12/7/1895, p.3. ‘Coloured’ blankets are not to he confused with woollen blankets on which the 1892 tariff conferred a tariff of 35 per cent.
\textsuperscript{15} Argus, Melbourne, 14/6/1895, p.3; 4/7/1895, p.3; 6/7/1895, p.2. The Melbourne correspondent of the MAM commented that ‘it was more difficult to find pure wool than pure whiskey’. The correspondent pointed out that miners had been driven to wear flannelette which ‘on all sides is acknowledged to be most unhealthy’ when worn next to the skin.
\textsuperscript{16} Argus, 619/1895, p.4. Letter 30/10/1995 from Jill Gale, Epping, grand-daughter of J.H. Gale. Gale subsequently established two successful woollen mills in New South Wales.
Robertson remarked that, after four months of debate in the Assembly, tariff prohibition had returned to the ‘old protection’ of an average tariff of twenty-five per cent. Critical of the tariff’s high level, Robertson commented that ‘the victory of today may mean the defeat of tomorrow…bitterly shall we reject some of the work performed in 1895’. In January 1896 the Argus commented that New South Wales would celebrate the New Year with the abandonment of ‘tariff shackles’. According to the Argus, Melbourne would be left behind when Sydney returned to the status of an almost duty-free port.

Popular only with stock breeders, the level of the stock tax remained unchanged in the 1895 tariff revision (Table 7.2). A meeting of the Master Tanners’ and Curriers’ Association of Victoria recommended the removal of the tax which not only affected the supply of leather to curriers, but also the number of cattle slaughtered at Melbourne abattoirs.

Because the stock tax provided a lucrative source of revenue, its abandonment was opposed by successive Ministries. On the eve of the introduction of the Federal tariff, a deputation from the Master Butchers asked the Premier, Alexander Peacock, for a suspension of the tax. The deputation pointed out that the number of cattle sold at Newmarket had almost halved and meat was at its highest price in thirty years.

At the conclusion of the tariff debate Castlemaine residents were shocked to learn of the sudden death of Patterson on 30 October 1895. Patterson’s twenty-five

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17 MAM, 22/10/1895, p.2
18 MAM, 1/1/1896, p.2. Report from Argus in MAM. Patterson, The Tariff in the Australian Colonies, pp. 143-57. In 1891 New South Wales had introduced an ad valorem tariff, of between 10 and 15 per cent on selected items, to correct a budget deficit. The ad valorem tariffs on most items were removed in 1895. The ad valorem tariff on the remaining items was removed in 1900.
19 MAM, 8/10/1896, p.2.
20 MAM, 16/8/1901, p.2. On 14/8/1901 the Newmarket yards contained only 820 cattle. The number was usually between 1 300 and 1 400.
21 MAM, 7/11/1895, p.2. Patterson’s close friend, Sir John McIntyre, was subsequently appointed Leader of the Opposition.
22 With the exception of Patterson, all other Castlemaine representatives in the Legislative Assembly, from the 1860s to the turn of the century, were Liberals. A lack of evidence relating to the socio economic composition of the electorate prevents an accurate assessment of the reasons for Patterson’s popularity. However, there is sufficient evidence to indicate that Patterson recognised his electorate’s approval of the tariff and, until a few months before his death, overtly supported protection. Comments by Matthews suggest that Patterson worked hard to further the interests of his constituents.
years of continuous representation of one electorate had created a record in the Legislative Assembly. A by-election to fill Patterson’s seat was contested by Gordon, a former MLA for Castlemaine, and James McCay, a Castlemaine solicitor.

Gordon gained the support of Robertson because of his ‘stern temperance and religious convictions’. Admitting McCay’s ability and intellectual attainments, Robertson believed it preferable to ‘trust the tried and proved man’.

A Liberal, McCay indicated his support of the Turner Ministry, a minimum wage, and women’s suffrage. McCay did not favour a prohibitive tariff but opposed free trade on the basis that it encouraged low wages. Also a Liberal, Gordon supported Federation and women’s suffrage. Admitting his earlier mistake in supporting a high tariff, Gordon now claimed it had enriched employers at the expense of their workers. Gordon subsequently lost the election to McCay by a narrow margin (Figure 10).

Turner’s tight fiscal policy proved so successful that by 1897 the budget was in surplus for the first time since 1889 (Table 7.1). However, Turner’s prudent management of the economy did little to promote economic expansion. Unlike George Reid, Premier of New South Wales, Turner did not embark on a productive public works program to

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23 MAM, 1/11/1895, p.3. To honour Patterson’s long Parliamentary career Turner took the unprecedented action of suspending Assembly business for two days. Following Patterson’s death, several proposals were considered by Castlemaine citizens for the establishment of a permanent memorial in his honour.
24 MAM., 4/11/1895, p.2; 5/11/1895, p.2. Although it was reported that Greenhill would be a Labour party candidate he eventually declined to stand for the by-election.
25 MAM., 18/11/1895, p.2. A brilliant scholar and linguist, McCay MA, LL.M, was Principal of Castlemaine Grammar School until he established his own law practice in 1896.
26 MAM., 7/11/1895, p.2
27 MAM., 12/11/1895, p.2.
28 MAM, 20/11/1895, p.2. The election results were as follows: Gordon 1123 and McCay 1133 votes.
Figure 10. Sir James McCay, MLA for the Castlemaine Electorate 1895-1899; MHR for the Federal Electorate of Corinella 1901-1906. Portrait by Marion Jones c.1928.

Source: Castlemaine Art Gallery and Historical Museum.
stimulate the Victorian economy.\textsuperscript{29} Reports in the \textit{Mount Alexander Mail} suggest that a high level of unemployment existed in the colony from 1895 to 1899.\textsuperscript{30}

Sinclair’s study demonstrates that it took five years of ‘mild’ growth before the Victorian economy recovered in 1899. Sinclair attributes Victoria’s economic recovery to the expansion of the dairying industry, a revival in gold-mining, and the growth of manufacturing industries. Although gold remained the major export it was followed closely by butter and ‘frozen meat. In addition, a large portion of the increasing amount of manufacturing output found its way into the export trade, particularly inter-colonial trade.\textsuperscript{31} Domestic consumption expenditure, particularly on Victorian manufactures, also increased between 1894 and 1899.\textsuperscript{32} Boehm supports Sinclair’s contention that butter and frozen meat exports made the major contribution to economic recovery in Victoria. Unlike Sinclair, Boehm does not examine the recovery of manufacturing industries in Victoria.\textsuperscript{33}

Although the Turner Ministry did little to stimulate the economy by the provision of infrastructure projects, legislation was introduced to encourage farming. The Land Act of 1898 provided the perpetual lease of Crown Land at

\textsuperscript{29} David Syme, p. 191. Turner was censured by Syme over his inaction. Between 1895 and’ 1897 New South Wales spent £5 778 259 on public works compared with Victoria’s £926 000. Patterson, The Tariff in the ‘Australian Colonies, p. 150.. Patterson points out that New South Wales owed its more favourable economic situation, even up until the late 1890s, to the existence of large quantities’ of saleable land as well as pastoral rents.

\textsuperscript{30} MAM, 201611895, p.2; 714/1896., p.2; 2718/1897, p.2; 11/3/1899, p.2. In 1896 Turner suggested that a special ‘poor rate’ should be levied by municipalities to alleviate unemployment.

\textsuperscript{31} Sinclair, Economic Recovery in Victoria, pp.5-8. The value of Victorian exports rose from £12.7m. in 1889 to £18.6m. in 1899. In 1894 Victoria ranked sixth on the list of exporters of butter to Great Britain and was the leading non-European source of British imports. By 1899, frozen meat was Victoria’s fifth most important export.

\textsuperscript{32} Sinclair, Economic Recovery in Victoria, pp.84-90. Sinclair claims that the textile and apparel industry, unlike the metal manufacturing industry, made a quick recovery because excess capacity was more easily utilised than in heavier industries which required more fixed equipment. By the end of the 1890s, the total level of employment in Victorian manufacturing industries had returned to its pre-recession level. Sinclair gives no explanation for a dramatic rise of 1 000 per cent, between 1889 and 1899, in the demand for blankets manufactured in Victoria.

\textsuperscript{33} Boehm, Prosperity and Depression Australia, pp. 109-11.
reasonable rates for farming. Legislation was also passed for the establishment of the State Savings Bank of Victoria with provisions for loans to farmers. In 1896 a Factories Act included the establishment of wages boards.

Turner’s consensus approach differed from Patterson’s confrontational style of leadership. While this mitigated party tensions, it tended to avoid contentious issues as Turner preferred to refer contentious matters to Royal Commissions and Boards of Enquiry.

After a general election was called in 1897, supporters of Gordon asked him to stand once more for the Castlemaine electorate. Greenhill, who had won a considerable number of Labour votes in the 1892 election, stood as a United Labour Party (ULP) candidate. A protectionist ‘all his life’, Greenhill now believed that the tariff had conferred little benefit. As an example, Greenhill indicated the effect of the stock tax on the high cost of meat. Greenhill campaigned on a platform of inter-colonial free trade and ‘protection against the world’.

Standing again for re-election, Williams had conducted a vigorous campaign for high duties over the past year. Together with David Syme of the Age, Williams had been appointed one of the Vice-Presidents of the Protectionist Association. After a rumour that the free-trader Max

34 Turner, A History of the Colony of Victoria, p.323.
35 McQueen, ‘Victoria’, pp.301-02. McQueen claims that Turner’s creation of wages boards was aimed at the electoral support of the working class. In the same year the Trades Hall Council launched the United Labour Party (ULP), composed of more radicals than its predecessor, the United Labour and Liberal Party (ULLP). Although there were similarities in the policies of the two parties, the ULP endeavoured to achieve greater autonomy by distancing itself from the Liberal Party. Paradoxically, the failure of the ULP to establish itself as an official opposition party resulted in the strengthening of the Liberal Party which, earlier, had relied on the support of the ULLP.
36 Serle, pp.293-96 in ADB, Vol. 12, p.294. MAM, 16/9/1897, p.2. Robertson criticised Turner’s propensity for establishing investigative bodies calling it ‘a prodigal expense...and public scandal’.
37 MAM, 3 1/3/1897, p.2. Supporters of Gordon spoke of ‘his purity of conduct and his unbending rectitude, not only in Parliamentary life, but also in social affairs’.
38 Tanner, ‘A Protracted Evolution’, pp.40-41. The Labour Party had all but disappeared in 1896 and appeared again under the name ‘United Labour Party’. After its revival in 1902 the ULP became the Political Labour Council. Labour’s inability to establish a stable political organisation was its continuing reliance on the strength of Liberalism.
39 MAM, 21/9/1897, p.2. According to Greenhill there was ‘no room for two Liberal candidates in the Castlemaine electorate’.
40 MAM, 18/7/1896, p.2.
Hirsch would lecture in Castlemaine, Williams was asked to address Malmsbury electors on the tariff.\textsuperscript{41}

In a pre-election speech Williams claimed that, because of protection, the Castlemaine Woollen Mill had kept almost four hundred people in the district. If duties were removed, Williams queried the future of Thompson’s Foundry, the Woollen Mill, Fitzgerald’s Brewery, Cunnack’s tannery, and the Soap and Candle factory. According to Williams the total amount of wages paid by these industries each month was £4 000.\textsuperscript{42}

Gordon recanted on his earlier support of ‘prohibitive’ duties, calling for a return to a more moderate tariff.\textsuperscript{43} This statement was misconstrued by the \textit{Age} which reported that Gordon was standing as a free-trader.\textsuperscript{44} After a complaint by Gordon, the \textit{Age} remarked on the confusion caused in Castlemaine by his speech. According to the \textit{Age}, Gordon’s declaration that he was a protectionist ‘has come upon the electors as a surprise…they are pleased to know another convert has been added to the popular party’.\textsuperscript{45}

McCay’s pre-election speech reveals a moderate approach to protection. As the State had a duty to ‘look after its people’, McCay held that protection was a means for the State to secure fair conditions for workers and reasonable prices for consumer goods. According to McCay, the most important topic was the forthcoming issue of Federation (Appendix 9).\textsuperscript{46}

Both sitting members were returned, with McCay obtaining more votes than Williams\textsuperscript{47} but Greenhill’s poor showing

\textsuperscript{41} MAM, 9/6/1897, p.2. In an ‘impassioned’ address, Williams claimed that protection had benefited farmers. When asked how protection had benefited miners Williams gave a ‘convincing’ answer. Unfortunately, no details of the ‘convincing’ answer were published.

\textsuperscript{42} MAM, 2/10/1897, p.2. As an old miner, Gordon affirmed his sympathy with the ‘working classes’.

\textsuperscript{43} MAM, 6/10/1897,. p.2. As an old miner, Gordon affirmed his sympathy with the ‘working classes’.

\textsuperscript{44} Age, 17/8/1897, p.5.

\textsuperscript{45} Age, 19/8/1897, p.5

\textsuperscript{46} MAM, 5/10/1897, p.2.

\textsuperscript{47} MAM, 2/10/1897. It is possible that Williams’ claim that a man could save on wages of £1. 10.0 per week (Appendix 11) affected his popularity in the election of 1897.
resulted in the forfeiture of his deposit. McCay and Williams subsequently took back-bench seats in the Turner government.

In November 1899 a member of Turner’s Liberal Party, Allan McLean, successfully moved a motion of no-confidence in the Ministry and became Premier. McLean was spokesman for a group of Liberal members representing farmers who stood to lose from the removal of tariffs on rural produce after Federation. McLean’s action signalled the end of the old Liberal coalition of manufacturers, trade unions and farmers.

McCay, a supporter of McLean’s no-confidence motion, was subsequently rewarded by a Cabinet position as Minister of Education and Customs. Williams, who had supported Turner, retained his popularity in the electorate however, McCay was called a traitor by the Mayor of Castlemaine. McCay was defeated a few weeks later by Harry Lawson, a Castlemaine solicitor (Figure 11). The Mount Alexander Mail remarked that, in over twenty years, no Minister had been defeated when seeking re-election. Lawson expressed his gratitude for the ‘great support he had received from the working classes of his electorate’. He interpreted the vote as ‘a protest against the action that had been taken to bring about a disruption in the Liberal ranks’.

48 MAM, 15/10/1897, p- 16/10/1897, p.2; 17/11/1897, p.2. J.W. McCay 1639, E.D. Williams 1464, W.J.S. Gordon 1 397, Greenhill 169 votes.
49 MAM, 19/10/1897, p.2.
50 Garden, Victoria, p.262. McLean formed a makeshift alliance with the Conservative Opposition S and some members of the ULP. R.S. . Parker, ‘Australian Federation: The Influence of Economic Interests and Political Pressures, pp. 152- 178 in Historical Studies: Selected Articles, J. S J Eastwood and F.B. Smith, (eds.), Melbourne University Press, Melbourne, 1964, p. 171. McLean represented the electorate encompassing the Maffra sugar beet industry and the newly-developed coal mines at Outtrim. These two Victorian industries were the ones most likely to be affected by the abolition of inter-colonial tariffs. For this reason, McLean was strongly opposed to Federation whereas Turner was a strong Federationist.
52 MAM, 4/12/1899, p.2; 6/12/1899, p.2; 9/12/1899, p. 14/12/1899, p.2. Lawson supported a moderate tariff.
53 MAM, 21/12/1899, p.2; 22/12/1899, p.2. Lawson gained 1 431 votes and McCay 1 121. Robertson believed McCav’ s earlier opposition to the dispatch of Australian troops to the South African war cost him many votes. According to Robertson, McCay had a duty to consult his constituency over the issue.
Figure 11. Sir Harry Lawson, MLA for the Castlemaine Electorate 1899-1928. c.1925.

Source: Lawrie Muir, Castlemaine.
For the short time he was in office, McLean’s policies deviated little from those of Turner. The day after the 1900 general election, Turner again became Premier after a successful motion of no-confidence against McLean.\textsuperscript{54}

Williams and Lawson were challenged by McCay in the 1900 election.\textsuperscript{55} All three supported women’s suffrage (Appendix 10) and the old age pension. Williams pledged his support of reform of the Upper House aimed at reducing its power and State support for the mining industry.\textsuperscript{56} Declaring himself a Liberal, Lawson criticised the ‘misguided Liberals’ who had earlier supported McLean.\textsuperscript{57} Election results indicate an increase in Lawson’s popularity, with Williams narrowly defeating McCay.\textsuperscript{58}

In November 1901 Fitzgerald MLC announced his intention of contesting a seat in the forthcoming Federal election.\textsuperscript{59} Zeal, who had recently been re-elected as President of the Legislative Council, announced his impending retirement to contest a seat in the Federal Senate (Appendix 9).\textsuperscript{60} Zeal’s seat was won by William Gray who joined Fitzgerald and Dr. Embling as representatives of the North Central Province.\textsuperscript{61}

Turner, who had won a seat in the Federal House of Representatives, announced his retirement from the
Legislative Assembly in 1901. Turner’s replacement, Alexander Peacock, was a rural Liberal-protectionist with ‘radical instincts’. One of the Peacock Ministry’s first actions was the introduction of an Old Age Pension (Appendix 11).

Uncertainties over the level of the Federal tariff encouraged a return to the earlier polarisation of free-traders and protectionists together with an upsurge of new political parties. Robertson noted that the Legislative Assembly now contained a ‘multiplicity’ of parties including the Ministry, Opposition Party, Labour Party, Constitutional Party, Independent Party, and two Country Parties. There was also a rumour of the formation of a Metropolitan Party. According to Robertson, the growth of differing interest groups posed a hindrance to the conduct of business in the parliament.

The advent of Federation tariff triggered alarm in the ranks of Victorian protectionists. Before the Federal election Turner rallied Victorian Liberals whom, he claimed, represented seventy-five per cent of the State’s electorate. Turner stressed the need for Liberal Party solidarity in the forthcoming ‘struggle between the Protection Party and the Free-trade Party’. According to Turner, a deliberate effort was being made in New South Wales to return an overwhelming number of free-traders. Turner exhorted Victorians to return Liberal members in order to protect their established industries.

There was much at stake for Victorian industries. After the abandonment of the ad valorem tariff in 1895 New South Wales industry had demonstrated its ability to compete

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63 Alan Gregory, pp. 173-75 in ADB, Vol. 11, pp. 173-74. Peacock was unsuccessful in his attempts to reform the Legislative Council, introduce women’s suffrage, and reduce the size of the Parliament.
64 MAM, 14/9/1901, p.2; 12/9/1901, p.2. The MAM notes that Lawson was a member of one of the Country Parties. Donald S. Garden, pp. 16-18, ADB, Vol. 10, pp. 17-18. Lawson continued as a member of the Nationalist Party (the re-named Liberal Party) for the term of his long parliamentary life. Lawson, who was Victorian Premier from 1918 to 1924, formed a coalition with the Victorian Country Party in 1921.
65 MAM, 19/2/1901, p.2.
without protection. To compete with their New South Wales counterparts Victorian manufacturers realised the need for a relatively high Federal tariff.\textsuperscript{66} Liberal politicians were well aware that, compared with New South Wales, Victoria had large numbers employed in its most heavily protected industries (Table 7.3). Moreover, that each tariff increase since 1865 had been followed by a rise in employment in the manufacturing sector (Figure 12).

After the Federal election Robertson remarked that the ‘High Tariffists’ had secured an overwhelming majority in Victoria. In the Federal seat of Corinella, which encompassed Castlemaine, McCay defeated Fitzgerald for a seat in the House of Representatives. Zeal became the first Senator to represent the Federal electorate of Corinella.\textsuperscript{67}

THE CASTLEMAINE ECONOMY

In 1896 Robertson declared that the ‘general prosperity and solidity’ of Castlemaine placed it amongst the leading towns in the colony.\textsuperscript{68} According to Robertson, 1897 proved to be even more prosperous for the local economy than 1896.\textsuperscript{69} Prosperity appears to have been accompanied by a low wage structure. Although not referring specifically to Castlemaine, Robertson indicates the existence of a low wage structure in 1896.\textsuperscript{70}

An analysis of wages in the 1890s by Macarthy indicates that employers were favoured by the labour market conditions of the 1890s and early 1900s. A low wage structure, particularly for unskilled workers, was justified on the basis that low labour costs were needed to compete with imports.\textsuperscript{71}

\textsuperscript{66} Patterson, The Tariff in the Australian Colonies 1856-1900, . pp. 150- 151
\textsuperscript{67} MAM., 19/2/1901, p.2; 1/4/1901, p.2; 16/5/1901, p.2.
\textsuperscript{68} MAM, 12/5/1896, p.2
\textsuperscript{69} MAM, 18/12/1897, p.2. E.T. Drake, Victorian Year Book 1907-8, Government Printer, Melbourne, 1908, p. 184. The population of the Borough of Castlemaine rose to 7 912 in 1901.
\textsuperscript{70} MAM., 22/10/1896, p.2.
\textsuperscript{71} 71 Peter Macarthy, ‘Employers, the Tariff, and Legal Wage Determination in Australia - 1890-1910’ in Journal of Industrial Relations, Vol. 12, July, 1970, p. 183. Primary producers also favoured a low wage structure as a means of competing on the overseas export market.
# TABLE 7.3

Factories and Employees in Victoria and New South Wales in 1890

<table>
<thead>
<tr>
<th>Year</th>
<th>Type of Industry</th>
<th>NEW SOUTH WALES</th>
<th>VICTORIA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Factories</td>
<td>No. of Employees</td>
</tr>
<tr>
<td>1890</td>
<td>Woollen Mills</td>
<td>4</td>
<td>155</td>
</tr>
<tr>
<td>1890</td>
<td>Clothing</td>
<td>21</td>
<td>2,698</td>
</tr>
<tr>
<td>1890</td>
<td>Footwear</td>
<td>60</td>
<td>2,806</td>
</tr>
<tr>
<td>1890</td>
<td>Coach and Wagon</td>
<td>139</td>
<td>1,486</td>
</tr>
<tr>
<td>1890</td>
<td>Soap and Candle</td>
<td>27</td>
<td>194</td>
</tr>
<tr>
<td>1890</td>
<td>Tanneries</td>
<td>*</td>
<td>897</td>
</tr>
</tbody>
</table>

* The Victorian figure include tanneries, fellmongers, and wool-washing establishments. After 1886, the number of fellmongers were not included in the New South Wales Statistical Register.

FIGURE 12
THE RELATIONSHIP BETWEEN THE TARIFF AND EMPLOYMENT
VICTORIAN MANUFACTORIES, 1860-1890

Vertical lines indicate the years in which there were major tariff increases.

Poorly-paid work was provided in 1895 by the up-grading of railway lines in, and adjacent to, Castlemaine. This project employed fifty men, many of whom had been either unemployed or eking out a ‘bare’ living from fossicking on the abandoned alluvial flats. Many workers were employed from 1896 to 1899 clearing tailings (debris from sluicing activities) from Barkers, and Forest Creeks.

Intermittent water shortages seriously affected regional industries, orchardists, and miners in the late 1890s. Increased demand for water, particularly by orchardists, could not be met by the current capacity of the Coliban system (Appendix 4).

CASTLEMAINE WOOLLEN MILL
Termed ‘prohibitive’ by many contemporary observers, the 1892 tariff had fostered an increase in the output of Victorian woollen mills. Profits over the past few years led to plans for extensions to the Castlemaine mill in 1895 in order to achieve economies-of-scale. This

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72 MAM, 18/6/1895, p.2; 201611895, p. 27161 p2. The wage rate for the railway labourers was 5/6 per day whereas, before the depression, it was 6/6 per day. A compromise was reached, after representations to the government by Patterson and Williams, for a wage rate of 6/- per day. Although Turner had introduced stringent budgetary measures in 1894, there appears to have been a certain amount of revenue diverted to railway construction.

73 MAM, 6/2/1890, p.2; 23/9/1892, p. 16/11/1894, p.2; 26/6/1896, p.2; 23/6/1899, p.2; 7/7/1899, p.2. Concerned over the state of Forest, and Barkers Creeks in the event of a further flood, the Castlemaine Borough Council used its own funds to commence clearance work. A government grant was sought as Council funds were insufficient for the mammoth task. However, the government was reluctant to award a substantial grant because of the Council’s determination to preserve a small fund set aside as the nucleus for the construction of a new town hall. The stalemate was resolved in 1896 with the capitulation of the government. Following a second severe flood in 1899, the MAM remarked that ‘the rain did not appear to have harmed Castlemaine so the work on the creeks was completed just in time’.

74 MAM, 26/5/1897, p.2; 26/6/1897, p.2; 10/3/1898, p.2. A water shortage led to the cessation of work at all regional sluicing and mining plants in May 1897. If water levels in the Coliban remained low, the Castlemaine Borough Council declared that industrial activity in Castlemaine would be curtailed.

75 MAM, 16/5/1895, p.2. According to the MAM woollen mills in Castlemaine, Geelong and Ballarat were ‘very busy and working overtime’. 3/8/1895, p.2. At the 1895 Annual General Meeting of the Castlemaine Woollen Mill, Williams declared that the 1892 tariff had enhanced the prosperity of Victorian mills.

76 MAM, 2716/1895, p.2; 15/7/1895, p.2. Sinclair, ‘The Tariff and Manufacturing Employment in Victoria’ p. 103. Sinclair notes a ‘tariff-induced development’ in favour of the heavily protected industries of textiles and footwear. This development was accompanied by a tendency towards larger scale operations in these industries.
decision led to record sales within two years,\textsuperscript{77} accompanied by ‘satisfactory’ levels of profits and dividends (Table 7.4).\textsuperscript{78}

Demand for the mill’s product from 1897 to 1899 almost outstripped supply, necessitating building extensions to accommodate new machinery.\textsuperscript{79} Additional machinery was installed in 1900 in anticipation of increased trade after Federation.\textsuperscript{80} In 1901, the MAM reported that ‘. . . the mill, one of Castlemaine’s two principal industries, was flourishing’.\textsuperscript{81}

Other Victorian woollen mills were also achieving record sales and profits.\textsuperscript{82} Some observers believed these profits relied on the use of sweated labour. Before his death, Patterson had indicated his concern over the use of sweated labour in Victorian woollen mills. Patterson made the claim that shareholders, not mill workers, had been the beneficiaries of the ‘prohibitive’ 1892 tariff.\textsuperscript{83} After the tariff was reduced in 1895, it was rumoured that the Castlemaine mill employed sweated labour (Figure 13, Appendix 12).\textsuperscript{84} After refuting the rumour, Williams pointed out that the mill’s wages bill had risen.\textsuperscript{85}

**THOMPSON’S FOUNDRY**

The year after the tariff was lowered in 1895 (Table 7.2), the MAM reported that the foundry had experienced the

\textsuperscript{77} MAM, 7/8/1897, p.2. The mill achieved a record sales figure for the six month period ending August 1897.
\textsuperscript{79} MAM, 18/8/1899, p. 18/8/1900, p.2.
\textsuperscript{80} MAM, 29/3/1901 , p.2. The MAM reported that a staff of 90 was employed at the mill.
\textsuperscript{81} MAM, 8/1/1895, p. 29/4/1895, p. 6/3/1899, p.2. Directors of the Ballarat Woollen and Worsted Company issued a ‘glowing’ report of increased sales before declaring a dividend of ten per cent. The Australian Woollen Mill Company in Footscray, despite recent duplication of its machinery, was forced to work all night to satisfy ‘rapidly increasing demand’.
\textsuperscript{82} Argus, 14/6/1895, p.3.
\textsuperscript{83} Letter from ‘Anti-Sweating’, in MAM, 12/5/1896, p.2. After asking if the rumour regarding sweating was correct, the correspondent suggested the employment of more mill hands instead of the current practice of a long working day.
\textsuperscript{84} MAM, 4/8/1896, p.2. The mill’s wages bill for the six months period ending July 1896 was £452 higher than in the same period in 1895.
TABLE 7.4

Annual Reports by Directors of
the Castlemaine Woollen Mill 1895-1901

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>£</td>
</tr>
<tr>
<td>1895</td>
<td>7½</td>
<td>2,985.11.6</td>
</tr>
<tr>
<td>1896</td>
<td>7½</td>
<td>2,947.7.9</td>
</tr>
<tr>
<td>1897</td>
<td>6</td>
<td>3,075.0.11</td>
</tr>
<tr>
<td>1898</td>
<td>6</td>
<td>2,825.17.11</td>
</tr>
<tr>
<td>1899</td>
<td>5</td>
<td>2,985.5.0</td>
</tr>
<tr>
<td>1900</td>
<td>5</td>
<td>3,001.16.6</td>
</tr>
<tr>
<td>1901</td>
<td>5</td>
<td>N/A</td>
</tr>
</tbody>
</table>

TABLE 13

INVESTIGATION OF LABOUR PRACTICES AT THE CASTLEMAINE WOOLLEN MILL

Chief Inspector of Factories Office,

Government Offices, Spring-street,

Melbourne, 31st May 1895

Dear Sir,

I have the honor to inform you that Mrs. Cuthbertson, the Lady Inspector of Factories has reported that during the week ending 11th May 1895 a number of the female employees at the Castlemaine Woollen Mills were employed more than 48 hours during the week ending the 11th May 1895—contrary to the provisions of Section 30 of the Factories and Shops Act 1890.

On the 13th May Sergeant Salt made enquiries at the Mill regarding this matter, and states that he was assured by the Manager—Mr. Gale—and yourself that overtime had been worked, and on the 14th instant during our interview in this office, I certainly understood you to say that only the male weavers had been working overtime.

I shall be glad to receive any explanation you may desire to make before submitting this matter to the Honorable the Chief Secretary as it is possible some misunderstanding has arisen.

An early reply will oblige.

Yours obediently,

The Managing Director

Castlemaine Woollen Mills.

Source: Jill Gale, Sydney.
busiest period in its history. By 1897 the foundry had recaptured its market in New South Wales where the emergency tariff had been repealed in 1895. Robertson attributed the foundry’s ability to compete on a free trade market to a combination of superior workmanship and a low price structure. Fahey’s analysis of the foundry’s wages books reveals that wages fell from 1891 to 1901.

The foundry workforce, comprising two hundred in 1893, had grown to three hundred and fifty by 1901. By 1897 the volume of work necessitated the employment of a permanent night shift staff. A need to fulfil orders led to the engagement of extra staff, previously employed at the Phoenix Foundry in Ballarat.

Although demand for railway points and crossings had fallen, an increasing number of orders for goldmining machinery came from New Zealand, New South Wales, Tasmania, and Western Australia. The introduction of the new goldmining technique of dredging in the late 1890s provided the Thompson brothers with opportunities to exercise their innovative engineering skills.

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87 Patterson, The Tariff in the Australian Colonies, 1856-1900, p. 144,151. Reid, the New South Wales Premier, introduced direct taxation in 1895 to replace the emergency tariff of 1892.
88 MAM, 13/1/1897, p.2; 25/3/1897, p.2. Thompson was confident that the output for 1897 would exceed that of the previous year.
89 Fahey, ‘The Aristocracy of Labour in Victoria’, p.84. The wages of Thompson’s tradesmen fell from £34.0 in 1891, to £2. 17.0 in 1901. Over the same period, labourers’ wages fell from £119.0 to £1.16.6.
90 MAM, 29/3/1901, p.2
91 MAM., 13/1/1897, p.2; 1/5/1897, p.3.
92 MAM, 22/1/1895, p.2; 13/8/1895, p.2. The location of railway workshops in Melbourne had adversely affected the Phoenix foundry. Once employing 500 hands, the foundry found it necessary to reduce the wages of its 30 remaining employees in 1895. A pool of skilled; unemployed workers proved a boon to Thompson’s foundry. After the union called out ‘7 or 8’ union members at Thompson’s, a non-union shop, the MAM remarked that ‘...there should be no trouble as Thompson’s can find hundreds of tradesmen to take the place of the dissatisfied ones’.
93 MAM, 22/5/1895, p. 2411011895, p. 20/1/1896, p. 28/2/1896, p.2; 27/3/1896, p. 3/6/1896, p.2; 30/10/1896, p.2; 23/2/1898, p.2; 3/9/1898, p.2. Thompsons won a Western Australian government tender for a public crushing plant of the ‘latest modem design’ in 1898. In the same year, the foundry supplied a 40 head battery for a Singapore mining company.
94 MAM, 7/4/1900, p.2, 8/10/1900, p.2. A plant was made for the Loddon Blocks Dredging Company. One of the largest spur wheels ever made in the colony, weighing 20 tons, was made for the Ascot Deep Leads Mine.
Thompson’s confident prediction of increasing output for the year 1897 proved correct. Improvements to machinery at the Alfred Graving Dock occupied a large portion of the foundry workforce for nine months. An unexpected catastrophe in 1897 posed serious economic problems for the foundry after the failure of machinery at the Spotswood sewage pumping plant.

Faults in the machinery were revealed after pumping began in February 1897. William Thwaites, Chairman and Engineer of the Melbourne and Metropolitan Board of Works, was said to be dissatisfied with the foundry’s initial design of the machinery. Contemporary observers blamed Board Directors for their greed in accepting a tender so far below the estimated cost. Further, that the low tender forced Thompson’s to ‘cut corners’ which resulted in poorer quality work. It was only after many modifications, for which the foundry was financially responsible, that Thwaites took formal delivery of the engines. Thompson’s Foundry lost heavily on the contract.

CASTLEMAINE BREWERIES

Although the Mount Alexander Mail mentions a change of ownership for the Castlemaine Standard Brewery in 1901, there is no indication of its economic circumstances. A lower dividend rate, from 1895 to 1901, suggests that the Fitzgerald brewery failed to match its economic performance of the preceding five years (Chapter 6).

95 MAM, 5/10/1897, p.2.
96 MAM, 20/7/1899, p.2. Thompson’s had brought out a specialist engineer from England to design the machinery. The 4 engines cost Thompson’s £40 000 to manufacture and they were required to replace 7 out of the 24 cylinders at their own expense. Thwaites estimated that this would cost the foundry the sum of £4 000.
97 Pyke et al., ‘The Spotswood Pumping Station’, pp. 163-64. Thwaites later praised the Thompson brothers for their willingness to take on such demanding work and see it through, despite all the difficulties.
98 MAM, 29/7/1891, p.2. The Standard Brewervwas owned by Young, Collett, and Greaves in 1892. In 1901 Collett relinquished his interest to E.J. Bayley who had been the ‘Under-Brewer’ at McCracken’s City Brewers, Melbourne for a number of years.
99 MAM, 18/1/1895, p.2; 30/7/1895, p.2; 30/7/1896, p.2; 31/7/1897, p.2; 28/7/1898, p. 1/8/1899, p.2; 1/8/1900, p.2; 1/8/1901, p. A dividend of 10 per cent was paid each year from 1895 to 1901.
Nicholas Fitzgerald gave several reasons for this phenomenon. Fitzgerald noted in 1895 that, in his thirty-five year involvement in the industry, competition had never been ‘keener or more active’. Other reasons included low prices for agricultural produce in 1895, poor harvests in 1896 and 1897, and the emigration of many males to the Western Australian goldfields.

**COACHBUILDERS**

Reports in the *Mount Alexander Mail* suggest an acceleration in local coachbuilding activities after the tariff was reduced in 1895 (Table 7.2). The burden of the tariff on these imported items had been pointed out by Victorian coachbuilders to the Tariff Board of Enquiry. The experience of this industry, from 1892 to 1895, indicates the economic burden of high tariffs on manufacturers using highly—protected components in their manufactures (Chapter 6).

**CUNNACK’S TANNERY**

The *Mount Alexander Mail* noted in 1898 that Cunnack’s tannery continued to make ‘…a considerable contribution to the prosperity of the district’. As well as interstate exports, large quantities of leather were exported to England where the product had an excellent reputation. These remarks suggest that the tannery had overcome the effect of the stock tax.

**QUARRIES**

There is little mention in the *Mount Alexander Mail* of the activities of this industry with the exception of two
large orders for local granite in 1899 and 1900. Sinclair’s study reveals that there was no significant increase in building activities in Melbourne until 1896. This revival proved to be short-lived and ceased in 1899. Sinclair’s evidence therefore suggests that the company was fortunate in securing large contracts.

**BUTTER FACTORIES**
The establishment of eight butter factories in the region by 1899 lends weight to Drane’s argument that export bonuses stimulated the expansion of this industry. At the peak of the milking season the Newstead Butter Factory exported three tons of butter per week to England where it fetched excellent prices.

**FRUITGROWING INDUSTRY**
Orchardists engaged in exports possessed an advantage over those producing for the domestic market. The price of fruit sold on the domestic market had fallen due to an increase in Victoria’s production of apples and pears. On the other hand, London remained a lucrative market provided fruit was of a good quality, well-packed, and subjected to efficient refrigeration. The Government Export Agent, J.M. Sinclair, informed orchardists that Harcourt fruit was the ‘best graded, best quality, best

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105 MAM, 12/4/1899, p. 4/911900, p.2; 24/7/1901, p.2. A contract was won in 1899 for the supply of 10 tons of granite to be used in the construction of the new Mort graving dock in Sydney. A large order was also placed for the construction of a new warehouse for Ball and Welch in Hinders Streets Melbourne. The MAM remarked that the decision by the Victorian Railways, in 1900, to use Harcourt granite for the facade of the new central railway station would lead to local employment opportunities. A contract for Bendigo tram track pitchers was won in 1901.


107 MAM, 261611895, p. iRO/1895, p.2; 22/1/1898, p.2; /J211899, p.2. In addition to the five butter factories operating since 1892, three more were established: at Metcalfe, Muckleford, and Castlernaine after 1895.

108 Drane, ‘Development of Dairying’, pp.31-33. Although the butter export bonus was discontinued in 1894, Drane notes its initial stimulus to the industry.

109 MAM, 24/6/1895. Newstead butter was sold on the London market for £5. 13 .0 per cwt.

110 MAM, 4/7/1901, p. The problem was exacerbated by Victoria’s small population and consequent low consumption of apples and pears. Orchardists could scarcely recoup their production costs for fruit sold on the domestic market.

111 MAM, 5/8/1896, p. 419/1897, p.2; 27/6/1898, p.2; 10/7/1899, p.2; 25/6/1899, p.2; 4/7/1901, p.2. In 1899 Harcourt apples and pears brought between 1 116 and 19/- per case on the London market. The government provided a bonus of 2/- per case for exports of fruit. Orchardists 1 to bear the cost of 6/6 per case to place fruit on the English market.
packed of any fruit sold on the London market'. A market for local fruit had earlier opened in India and, a few years later, in China and Germany.

Fruit exporters gained some benefits in 1895 after a reduction in the tariff on paper and timber (Table 7.2). In an attempt to open up a wider market, members of the Australasian Federated Fruitgrowers’ Association called for the introduction of inter-colonial free-trade for fruit.

Most local orchardists suffered a setback following a severe frost in 1899. Harcourt orchardists lost between sixty-six and ninety-five per cent of the following season’s crop. Orchardists in the lower-lying area of the former waste-lands of ‘Campbells Creek lost their entire crop. The Mount Alexander Mail commented that the frost as a ‘great blow’ to the town.

GOLDMINING
Gold production increased in all Victorian goldfields after 1896. According to Willman, higher local production (Table 7.5) was due to further investment in deep lead mining and the introduction of the new mining techniques of hydraulic sluicing, and dredging.

Interest in deep lead mining was renewed in 1899. Investment capital for the reworking of Castlemaine’s old quartz reefs came from English, Victorian and Western

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112 MAM, 4/7/1901, p.2. Sinclair indicated the potential of the English market by pointing out that fruit to the value of £1.3m. had been imported in 900.
113 MAM, 10/6/1901, p.2; 4/7/1901, p.2.
114 MAM 29/4/1895, p.3.
115 MAM, 18/11/1899, p.2; 5/2/1901, p.2; 20/2/1901, p.2. The frost on 25 October 1899 was the worst in living memory. Increased production in the following year necessitated the extension of the Harcourt railway goods platform, and the provision of special trains to carry fruit from Campbells Creek.
116 MAM., 28/11/1899, p.2; 5/2/1901, p.2.
117 MAM., 18/11/1899, p.2.
118 Willman, Geological Survey Report, pp.7-8. The hydraulic sluice used water under high pressure to remove soil from creeks and gravel deposits. Dredges and floating hydraulic sluices reworked alluvial fields several times over to recover increasingly finer gold.
TABLE 7.5

Gold production in the Castlemaine Region

1895-1901

<table>
<thead>
<tr>
<th>Year</th>
<th>ozs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>7,424.00</td>
</tr>
<tr>
<td>1896</td>
<td>10,137.00</td>
</tr>
<tr>
<td>1897</td>
<td>10,403.00</td>
</tr>
<tr>
<td>1898</td>
<td>7,302.00</td>
</tr>
<tr>
<td>1899</td>
<td>10,472.00</td>
</tr>
<tr>
<td>1900</td>
<td>13,490.00</td>
</tr>
<tr>
<td>1901</td>
<td>9,123.00</td>
</tr>
</tbody>
</table>

Source: Compilations by C.E. Willman, Senior Geologist, Minerals Victoria, from Official Mining Department Quarterly and Annual Reports, 1996.
Australian sources\textsuperscript{119} while a stock exchange was established in Castlemaine to cater for the needs of local investors.\textsuperscript{120} Robertson’s comments suggest that the surge of investment in deep lead mines produced few results. Many mines had closed down by 1901 and Robertson remarked that ‘. . . a lot of money has been frittered away’. Dredging and sluicing, which had commenced in the region in 1897, now attracted more attention.\textsuperscript{121}

Within four years, the new mining processes had recovered gold to the value of £40 000.\textsuperscript{122} Dredging and sluicing received the whole-hearted support of the \textit{Mount Alexander Mail}. The new techniques not only conferred great economic benefit on Castlemaine, but also provided work for large numbers of men who were previously unemployed.\textsuperscript{123} Dredging had created a need for further quantities of machinery, firewood, and cartage.\textsuperscript{124} As a result of dredging the population of Campbells Creek had increased, thereby providing extra revenue for the Shire of Mount Alexander.\textsuperscript{125}

As well as economic benefits, dredging and sluicing also conferred social and environmental disadvantages. The Castlemaine Mining Board claimed that dredging and sluicing had excluded old fossickers from working the old grounds, rivers and creeks.\textsuperscript{126} The Mining Board’s concerns were shared by Foster, the Minister of Mines, who refused to grant leases to two hydraulic sluicing companies. Foster stated that the worked-out land provided a ‘sort of

\textsuperscript{119} MAM, 28/3/1896, p.2; 25/5/1896, p.2; 29/5/1896, p.2; 24/7/1896, p.2; 7/9/1896, p.2.
\textsuperscript{120} MAM, 11/6/1898, p.2; 19/7/1898, p.2; 12/7/1898, p.2; 16/9/1901, p.2; 23/9/1901, p.2. The stock exchange, established in 1898 and composed of 69 members, was chaired by McCay MLA. It was disbanded in 1901 because of disharmony amongst members and replaced by the Mining and Stock Exchange, chaired by T. Odgers.
\textsuperscript{121} MAM, 14/1/1901, p.2.
\textsuperscript{122} MAM, 24/12/1901, p.2. This figure is an estimate by the Mines Department of gold recovered from an average depth of 12 feet.
\textsuperscript{123} MAM, 18/8/1899, p.2; 11/6/1900, p.2.
\textsuperscript{124} MAM, 11/6/1900, p.2.
\textsuperscript{125} MAM, 7/6/1899, p.2. Even’ house in Campbel!s Creek was now occupied. The Mount Alexander Shire estimated that 1 000 people now inhabited the 220 houses in the Shire.
\textsuperscript{126} MAM, 1 1/5/1898, p.2. Robertson pointed out that the old grounds had been worked over by the Chinese; any gold missed by them was recovered by dredges which were able to excavate to a greater depth.
old-age pension fund’ for old fossickers unable to work in deep-lead mines.\textsuperscript{127}

Local Borough Councils, orchardists and farmers expressed their concern over dredging’s potential to damage private property and creek walls. The Castlemaine Borough Council believed that the Council, not the Mines Department, should be responsible for the granting of dredging permits.\textsuperscript{128} At a public meeting at Campbells Creek orchardists and farmers predicted that sluicing activities would soon fill the creek with tailings.\textsuperscript{129}

Sluicing damage was not confined to the Castlemaine region. In 1899, the \textit{Argus} called for a Royal Commission into the effect of sluicing on adjacent lands and creeks.\textsuperscript{130} The government responded by a twelve months’ suspension of leases on the Mitchell River in Gippsland but continued to issue leases for ‘old, worked-out creeks and gullies’ in Castlemaine, Clunes and Ballarat.\textsuperscript{131} Following this decision, Foster was asked by Newstead residents to suspend the issuing of leases on land adjacent to the Loddon River.\textsuperscript{132} On a subsequent inspection of sluicing and dredging activities in the Castlemaine region, Foster declared that he would not support ‘one industry to the detriment of another’.\textsuperscript{133}

Concerned that a further flood would wreak more damage than the 1889 flood, Newstead farmers formed a ‘League of Defence’ against sluicing and dredging.\textsuperscript{134} Landholders at Campbells Creek were successful in winning damages from the Campbells Creek Dredge Company. Robertson called the

\textsuperscript{127} MAM, 26/1 1/1898, p.2; 30/1 1/1898, p.3. An Old Age pension scheme operated between 1897 and 1899 before its reintroduction in 1892 (Appendix 11).
\textsuperscript{128} MAM., 9/2/1898, p.2; 31/3/1899, p.2.
\textsuperscript{129} MAM, 1/5/1899, p.2. Ratepayers asked the Mount Alexander Council to warn the government that it would be liable for any future damage arising from sluicing.
\textsuperscript{130} Argus, 7/14/1899, p.5
\textsuperscript{131} MAM, 1/5/1899, p.2.
\textsuperscript{132} MAM 17/5/1899, p.2
\textsuperscript{133} MAM, 20/5/1899, p.2.
\textsuperscript{134} MAM 2/6/1899, p.2
court case ‘one of vital importance to dredging companies and others’.\textsuperscript{135}

**SOCIAL WELFARE IN CASTLEMAINE**

An increase in the number of frail ‘old pioneers’ in the region led to a record level of admissions to the Castlemaine Benevolent Asylum from 1895 to 1901 (Table 7.6).\textsuperscript{136} The Asylum’s financial problems were exacerbated by a fall in donations, a lower government grant, a large number of admissions from non-contributory municipalities, and the effect of the old age pension (Appendix 11).\textsuperscript{137} An additional financial burden was the lack of financial support for increasing numbers of elderly Chinese ex-miners seeking admission.\textsuperscript{138} A portion of the Asylum’s accommodation problem was solved by the distribution of outdoor relief to the elderly by the Ladies’ Committee of the Asylum.\textsuperscript{139}

‘The needs of the elderly Chinese appear to have absorbed a high proportion of outdoor relief distributed by the Ladies’ Committee. The Committee was sympathetic to the plight of the elderly Chinese ‘who were less hardy and resourceful than Europeans’ However, a shortage of funds prevented the distribution of more relief to these men.\textsuperscript{140}

Difficulties are encountered in determining the level of

\textsuperscript{135} MAM, 3/6/1899, p.2. In the Gold Warden’s Court, Duffy and Others were awarded damages amounting to £300 from the dredge company for dredging 6 acres of private property.
\textsuperscript{136} MAM, 10/5/1895, p. 26/7/1901, p.2.
\textsuperscript{137} MAM, 10/5/1895, p.2; 31/7/1896, p.2; 13/8/1897, p.2; 10/4/1896, p.2; 10/8/1901, p.2; 18/10/1901, p.2. The Asylum contained 7 men from the Maldon Shire which only contributed the sum of £1 1.0 per annum. The President of the Asylum remarked that ‘we cannot maintain these people at the cost to our own’.
\textsuperscript{138} MAM., 11/11/1898, p. 9/12/1898, p.2; 7/1/1899, p.2; 13/12/1901,’ p. 13/12/1901, p.2. Only £19. 12.6 had been contributed by the Chinese community over a five year period. However, the cost of maintaining the 60 Chinese inmates over this period had cost the Asylum the sum of £8660.8. Enquiries revealed that benevolent institutions in Melbourne, Ballarat and Bendigo had received considerable financial support from their local Chinese communities. The MAM pointed out that these communities were wealthier than their Castlemaine counterparts; any wealthy Chinese miners in Castlemaine had returned home long ago. The Asylum decided to contact the Ballarat Soy Way Committee, an organisation engaged in the return of Chinese paupers to their homeland. Assistance would be sought from the Committee for the Castlemaine paupers to be ‘shipped back to China’ .
\textsuperscript{139} MAM, 16/8/1900, p.2. In 1900, the President of the Asylum described this Committee as ‘a strong and growing power and in a sense a second Benevolent Asylum’. As well as the distribution of relief, the Ladies’ Committee visited the poor in every district and ‘endeavoured to have the children properly educated’.
\textsuperscript{140} MAM, 11/5/1895, p.2; 8/5/1899, p.2.
TABLE 7.6

Expenditure of Castlemaine Benevolent Asylum

1895-1901

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Inmates</th>
<th>Cost per capita per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>108</td>
<td>£13.18.0</td>
</tr>
<tr>
<td>1896</td>
<td>111</td>
<td>£15.6.8</td>
</tr>
<tr>
<td>1897</td>
<td>110</td>
<td>£14.0.5</td>
</tr>
<tr>
<td>1898</td>
<td>116</td>
<td>£14.4.4</td>
</tr>
<tr>
<td>1899</td>
<td>121</td>
<td>£13.13.3</td>
</tr>
<tr>
<td>1900</td>
<td>117</td>
<td>£13.5.3</td>
</tr>
<tr>
<td>1901</td>
<td>120</td>
<td>£15.9.8</td>
</tr>
</tbody>
</table>

Source: *Mount Alexander Mail*, Castlemaine, 26/7/1895, p.2; 31/7/1896, p.2; 30/7/1897, p.2; 29/7/1898, p.2; 28/7/1899, p.2; 27/7/1900, p.2; 26/7/1901, p.2.
local unemployment as Committee reports do not separate the amount of relief distributed to unemployed, or elderly, Caucasians. A fall in the number of children receiving relief suggests a lower level of local unemployment (Table 7.7). It is also possible that the Castlemaine Woollen Mill provided a source of employment, particularly for girls.\textsuperscript{141}

**CONCLUSION**

Sinclair maintains that the Victorian economy experienced five years of mild growth before economic recovery occurred in 1899. However, evidence suggest that the Castlemaine economy performed slightly better than the overall Victorian economy.

From 1895 to 1901, Castlemaine industries operated in a climate conducive to their commercial activities. Favourable conditions included a fall in the tariff, the promotion of exports, a lower wage structure, and the expansion of goldmining in Victoria and Western Australia. Local employment received a boost in 1896 from the creek clearance project and the enlargement of railway facilities.

Lower tariffs had the potential to confer economic benefits on exports of gold, fruit, and butter. Robertson’s evidence suggests that the tariff reduction of 1895, together with a low wage structure and superior expertise, enhanced the export capability of Thompson’s Foundry. In relation to the Castlemaine Woollen Mill, a low wage structure and the production of a cheaper line of cloth appear to have more than offset the effect of the tariff reduction of 1895.

There still remains the question of whether the adulteration of cloth and the use of sweated labour made a substantial contribution to the success of the mill. Large dividend payments in 1895 and 1896, together with the

\textsuperscript{141} MAM, 2/3/1901, p.3. The following advertisement appeared in the MAM in 1901. ‘Wanted at once. Girls for darning at the Castlemaine Woollen Mill’.
TABLE 7.7

Relief distributed by the Ladies’ Committee of the Castlemaine Benevolent Asylum 1895-1901

<table>
<thead>
<tr>
<th>Year</th>
<th>Men and Women</th>
<th>Children</th>
<th>* Cost per capitation annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>116</td>
<td>22</td>
<td>£</td>
</tr>
<tr>
<td>1896</td>
<td>117</td>
<td>22</td>
<td>4. 6.8</td>
</tr>
<tr>
<td>1897</td>
<td>125</td>
<td>14</td>
<td>4. 5.6 2</td>
</tr>
<tr>
<td>1898</td>
<td>124</td>
<td>26</td>
<td>4. 3.6 4</td>
</tr>
<tr>
<td>1899</td>
<td>115</td>
<td>13</td>
<td>4. 8.6</td>
</tr>
<tr>
<td>1900</td>
<td>127</td>
<td>5</td>
<td>4.13.8</td>
</tr>
<tr>
<td>1901</td>
<td>91</td>
<td>4</td>
<td>4.17.5</td>
</tr>
</tbody>
</table>

* The distribution of outdoor relief was reported on a per capita basis from 1895 onwards.

Source: *Mount Alexander Mail*, Castlemaine, 26/7/1895, p.2; 31/7/1896, p.2; 30/7/1897, p.2; 29/7/1898, p.2; 28/7/1899, p.2; 16/8/1900, p.2; 26/7/1901, p.2.
Government Analyst’s examination of second-grade flannel, suggest that the mill overcame competition from imports by the manufacture of inferior cloth. An official inspection of the mill revealed a contravention, over one week only, of the Factories and Shops Act. In the absence of evidence to the contrary, the conclusion is reached that the mill’s profitability did not rely on the use of sweated labour.

Evidence suggests that the performance of Castlemaine’s mixed economy, from 1895 to 1901, was significantly better than in the preceding five years. At the time of Federation, the region stood poised to reap financial benefits from two factors. These were an improved water supply and an Australia-wide market, protected from outside competition by a substantial tariff. The electorate’s commitment to Federation, and the Liberal cause, supports Parker’s contention that economic interests dominated the voting patterns for the two Federation referenda.
CONCLUSION

Studies by recent economic historians present compelling evidence that budget revenue, not employment, was the most important reason for the introduction of tariff protection. Conservative opposition to direct taxation and a shortage of private capital left early Victorian governments no other option for the provision of a program of public works. In support of this argument is Patterson’s comparison of budget deficits and tariff increases. In almost all instances the tariff rose in the year following a budget deficit. The exceptions were 1886 and 1889, at which time the tariff was increased to meet the needs of certain manufacturers and their employees. The government’s willingness to meet their demands indicates that the tariff had now assumed a political dimension.

From the early 1870s onwards, Victorian manufacturers and workers had been aware of the tariff’s potential as a source of profit and employment respectively. The Mayor of Castlemaine’s comment to Premier Duffy in 1871 (p.28) demonstrates an early awareness in Castlemaine of the relationship between the tariff and employment. Patterson’s overt abandonment of his free trade philosophy in the 1870 election suggests that he was well aware of his electorate’s support for the tariff. Matthews’ editorial during the 1871 election (p.23) adds weight to this argument. All local candidates had modified their free trade beliefs to ‘meet protectionist principles’.

As goldmining remained a constant, if poor, contributor to the region, the Castlemaine electorate demonstrated a surprising preference for protectionist Liberal politicians from the time of the 1868 election. Bannear and Annear’s study, together with reports from the Mount Alexander Mail, provide the most likely explanation for this phenomenon. Regional mining was dominated by small-scale mining operatives from the late 1860s. Unlike deep lead mining companies, sluicers had little need for
expensive, tariff-protected machinery or candles. These sources suggest that sluicers and workers in the deep lead goldmines, saw no personal benefits arising from free trade. Further, that they recognised the relationship between the tariff and an increase in the numbers employed at Thompson’s Foundry and the Castlemaine Woollen Mill. Lack of support for the Castlemaine Free Trade League suggests there was little enthusiasm for free trade amongst small-scale mining operatives.

Notwithstanding its general support of protection, the electorate was prepared to return two Conservative politicians, Service and Patterson, the latter ‘for twenty-five consecutive years. Support for Service is not surprising. A man of integrity, Service had the support of the influential Liberal newspaper, the Age. Most importantly, Service had assured the electorate of his support of the tariff in the event of a return of a protectionist Ministry.

Support for Patterson is not so easily explained. Two factors appear responsible for Patterson’s political longevity. These are his responsiveness to the needs of his electorate and his political acumen. From 1870 to 1894 Patterson demonstrated his preparedness to join forces with whichever party had the potential to advance his political aspirations.

No reasons can be found for the electorate’s tolerance of Patterson’s association with the Country Party. With the exception of fruitgrowers and butter factories, Castlemaine had little to gain from the aims of the Country Party Patterson’s deviation from the Country Party’s attitude over the stock tax issue during the 1889 election illustrates his instincts for political survival.

Patterson’s most statesman—like stance was displayed in 1894 when he was prepared to face a protectionist electorate on a platform of lower tariffs. Patterson’s concern for the 1892 tariff’s effect on the wider
Victorian economy was in direct contrast to the more parochial attitude of Williams NLA, the Managing Director of the Castlemaine Woollen Mill.

While it is acknowledged that the ANA was prominent in Castlemaine, the region’s strong ‘Yes’ vote in the Federation referenda adds weight to Parker’s argument relating to the significance of economic interests. This is exemplified by the remarks of the foundry owner, James Thompson, who noted the benefits of an Australia-wide market, protected from overseas competition.

Mount Alexander Mail Editorials throughout the 1870s favoured a laissez—faire economic policy. Matthews was a reluctant convert to protectionism. His stance remained unchanged until 1880, at which time he discerned the relationship between ‘the tariff, and employment. Any notion that Matthews held Conservative views, is not supported by his criticism of the ‘under-taxed rich’. Matthews also criticised one Conservative candidate as a representative of a party of ‘wealth and reaction’.

Robertson, Matthews’ successor as Editor, indicated a preference for moderate protection. Matthews’ incumbency spanned the turbulent political era of the 1870s. The battles between the Lower and Upper Houses, had been largely resolved by the time of Matthews’ death. It is argued that diminishing parliamentary tensions were responsible for the absence of political comment in Robertson’s Editorials. His criticism was reserved for the economic policies of either side of the political spectrum.

Studies by Butlin, and Ingham indicate the shortage of private capital in Victoria. Ingham’ argues that this phenomenon led to ‘colonial socialism’. Further, that tariff protection became a part of ‘colonial socialism’, with all sectors of the economy calling on the state to satisfy their needs. In accepting Ingham’s hypothesis, it is argued that sectors of the Castlemaine economy gained
considerably from ‘colonial socialism’. Regional benefits included the Coliban water system, cheap sluicing and irrigation water, diamond drills, mining exploration, a railway siding and crane, assistance in finding overseas fruit markets, and export bonuses for fruit and butter. Local cream supplies came from irrigation projects subsidised by the state.

Evidence presented by local witnesses before the 1883 Tariff Royal Commission indicates that the 1871 tariff was the major reason for the establishment of Thompson’s Foundry and the Castlemaine Woollen Mill. The arrival of a reticulated water system was of secondary importance to industrial expansion but vital to the prolongation of regional alluvial mining.

Tariff protection appears to have conferred more advantages than disadvantages on the regional economy. Matthews remarked in 1880 that new industries had been the most important factor in mitigating the effects of local unemployment. Since Castlemaine’s smaller industries had been established in the 1850s and 1860s, Matthews is no doubt referring to the foundry and the woollen mill. If so, his statement indicates that, with the exception of the new soap and candle factory, the tariff did little to stimulate employment in Castlemaine’s older industries.

Fitzgerald’s Brewery maintained high levels of profit and dividends up until 1895. There is no indication of protection conferring any economic burden on this industry since the tariff on ingredients was offset by the tariff on alcohol. If Castlemaine’s response to the Local Option issue (p.241) is taken as representative of the colony’s attitude towards alcohol consumption, there was a continuing demand for the brewery’s products.

The economic performance of the Harcourt fruit exporters exemplifies Ricardo’s theory of comparative advantage. Orchardists quickly captured the London market through their ability to supply a high quality commodity,
seasonally unavailable in England. The rapid growth of local butter factories supports Drane’s conclusion that butter export subsidies fostered this Victorian sector. No references have been discovered in relation to the negative effects of the tariff on the exports of butter or fruit. It is assumed that high export bonuses for butter and fruit were more than adequate compensation for the tariff on paper and timber.

The 1879 tariff not only gave Thompson’s Foundry sufficient protection from import competition, but also provided local employment opportunities. Patterson’s concern in 1895 over the high 1892 tariff is justified by its effect on the foundry’s exports to New South Wales. Although the tariff never returned to its pre-1892 level, a low wage structure in the 1890s offset the tariff burden and the effects of the ‘economic depression. It is suggested that the foundry’s ability to overcome the burden of tariff costs on raw materials relied on various factors. These included technical innovation, an ability to manufacture its own tools, a decision to award railway contracts to domestic foundries, and the expertise to manufacture particular items for which there were inter-colonial, overseas and domestic markets.

It could be anticipated that the Castlemaine Woollen Mill would have derived economic benefit from the use of a duty-free component, manufactured by duty-free machinery. However, profits remained low until the early 1890s. Recurring shortages of working capital suggest the mill was chronically under-capitalised until 1894. While the capitalisation of other Victorian mills in Geelong and Ballarat have not been examined, it is noted that they also performed patchily in the 1880s.

It is argued that the extensive use of hand labour, a high wage structure, the high tariff of 1879, and falling world prices resulting from the ‘Great Depression’ were responsible for the mill’s poor economic performance in the 1880s. While the use of hand labour created local
employment opportunities, it detracted from the mill’s ability to compete with cheap imports. In support of this argument is the cessation of inter-colonial exports after 1879.

The actions of Williams NLA, McCay MHR and Castlemaine Woollen Mill employees, from 1886 to 1901, indicate the importance of the tariff to shareholders and employees of the mill. The 1892 tariff marked the turning point for the mill’s profitability. This tariff, together with the adulteration of cloth, enabled the mill to accumulate sufficient capital for investment in machinery capable of achieving economies-of-scale. That the mill achieved record sales within two years of the lowering of the tariff in 1895 indicates the significance of economies-of-scale.

The tariff does not appear to have had a negative impact on the exports of Cunnack’s Tannery or local coachbuilders. There is no indication of exports from the Soap and Candle Company. Assuming its sales were largely confined to the domestic market, this highly protected industry derived considerable advantages from the tariff at the expense of the goldmining sector. Exports from the Harcourt Granite Quarry and the Slate Quarry were enhanced by a low tariff on their products. The collapse of the Melbourne building boom in the 1890s, not the tariff, was responsible for the high rate of unemployment in the quarries. Horwood’s Foundry is one regional secondary industry adversely affected by the tariff for reasons explained in the text (p.94).

The deep lead mining industry was the regional sector most disadvantaged by the tariff. Castlemaine mine owners were also adversely affected by insufficient knowledge of the area’s geological formation and a shortage of capital. Evidence suggests that the little investment capital available was misused in the 1870s Gold yields increased following the introduction of sophisticated technology in
1895 but never reached the levels of the 1850s and early 1860s.

Contemporary evidence indicates the existence of a high level of local unemployment in the 1880s, attributed to declining gold yields and an absence of investment capital for new industries. This phenomenon occurred at a time of rapid acceleration in population growth and employment in Melbourne. Willman’s statistics of declining gold yields suggest that most of the region’s unemployed were drawn from the mining sector.

The initial establishment of the Decentralisation League in Bendigo indicates that Castlemaine was not the only rural region which failed to share in the rising prosperity of the metropolis. An absence of reliable statistics precludes an assessment of the numbers of unemployed in the Castlemaine region.

The Victorian economy before the 1880s was underdeveloped and characterised by an intense shortage of investment capital. Comments in the Argus, together with efforts by Castlemaine Borough Councillors to attract government infrastructure projects, suggest that Castlemaine also suffered from a shortage of capital in the 1870s. While Victoria was affected by unemployment from the mid-1870s to the early 1880s, Castlemaine’s level of unemployment remained high throughout the decade. Castlemaine, like other Victorian towns and cities, experienced the economic consequences of the ‘Berry Blight’ (p.60).

The Castlemaine economy was sluggish at the time of Melbourne’s prosperity in the 1880s but, unlike the metropolis, improved in the 1890s. There are several reasons for the severe economic depression experienced by Melbourne in the 1890s, notably the withdrawal of British capital, collapse of the land boom, and rising unemployment in the construction sector. More importantly, a combination of falling import prices and rising domestic wages led to a fall in manufacturers’
profits. This phenomenon discouraged the investment necessary for industrial expansion and Melbourne’s economy languished until 1899.

Evidence suggests that the expansion of several primary and secondary industries, and the subsequent flow-on effect, shielded Castlemaine from the worst aspects of the 1890s depression. An increase in fruit and butter exports was accompanied by a modest rise in gold yields. Unlike Melbourne manufacturers, the Castlemaine Woollen Mill and Thompson’s Foundry accumulated sufficient capital for investment directed towards the expansion of the two enterprises.

Robertson’s comment (p.255) after the introduction of the first Federal tariff indicates initial acceptance of its level by Castlemaine. McCay’s subsequent actions suggest that the viability of the Castlemaine Woollen Mill was threatened by the proposal to lower the tariff on blankets. The mill now had to compete with New South Wales woollen mills which had, for decades, conducted successful operations under free trade. A Federal tariff, only slightly lower than the 1895 Victorian tariff, promised Thompson’s Foundry a more advantageous economic future than the woollen mill.

Within three decades tariff protection and ‘colonial socialism’ had transformed Castlemaine from a languishing goldmining region to one dominated by manufacturing, fruitgrowing, and butter production. Federation gave Castlemaine industries an opportunity to operate in an Australia-wide free trade market with adequate protection from import competition.
APPENDIX 1

AN OVERVIEW OF FREE TRADE AND TARIFF THEORIES

The terms ‘free trade’ and ‘protection’ are defined below, followed by a brief history of the influence of England’s nineteenth century free trade philosophy on Victoria’s early politicians. Also outlined are modern alternatives to either free trade or protection.

By raising the price of inputs in production costs, a tariff imposes a burden on minerals, agricultural produce, and manufactured items destined for the export market. To maintain a competitive position, exporters are unable to pass on all of these costs to overseas customers. Iredale and O’Byrne argue that protection brings benefits to the manufacturers of goods, sold on the domestic market, who use domestically-manufactured components. Conversely, a tariff penalises manufacturers who use imported components in the production process. Protection not only shields industry from diversifying and restructuring to become more competitive, but it also prevents the most efficient use of resources. The major benefit of protection is the provision of employment either in protected industries, or in other sectors dependent on these industries. Sinclair indicates that protection has the potential to encourage economic expansion but does little to promote economic growth.

An alternative to the sole use of a protective tariff is a policy of free trade, in which the free flow of goods and services in international exchange is neither restricted nor encouraged by direct government intervention. Mill maintained that producers achieved a maximum advantage through specialisation when market forces are not exposed to government interference. This, in turn, brings the

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1 Iredale and O’Byrne, Microeconomic Policy, p.186.
2 Sinclair, The Process of Economic Development, p.3. Sinclair defines economic expansion as a rise in total output, not corrected for the rate of population increase. The more desirable state of economic growth is defined as a sustained rise in real output per capita.
3 A ‘mix’ of policies is also not uncommon - see Humphreys et al, and Stretton below.
benefit of pure market competition.\textsuperscript{4} Whitehead points out that, for under-developed countries,\textsuperscript{5} free trade may have less appeal from an economic and social viewpoint. If practised by underdeveloped countries, free trade has the potential to lower their terms of trade in favour of the wealthier, more highly capitalised countries. For these reasons Whitehead believes that free trade is more acceptable between nations of comparable economic strength whose citizens have similar standards of living and technologies.\textsuperscript{6}

Taylor regards Adam Smith (1723-1790) as the most important of the Classical\textsuperscript{7} economists who formulated the economic theory of free trade.\textsuperscript{8} Smith believed that, although individuals are motivated by self-interest, they act for the good of the whole society, guided by an ‘invisible hand’ and made possible by the free play of competition.\textsuperscript{9} According to Smith, government intervention should be restricted to the fundamental duties of the maintenance of justice, a basic level of support for the needy, and protection from hostile nations. Smith believed that competition, the profit motive, and the free market mechanism, bestow beneficial effects on an economy. Querying the efficacy of the English mercantilist economic system,\textsuperscript{10} (mainly concerned with the relationship between a nation’s wealth and its balance of foreign trade) Smith

\textsuperscript{5} N.G. Butlin, investment in Australian Economic Development 1861-1900, Cambridge University Press, England, 1964, p.206. Butlin argues that Victoria in the 1870s was ‘...a primitive, underdeveloped economy with (an) intense shortage of capital’.
\textsuperscript{7} The term ‘Classical’ is used to describe those economists who supported the ideology of laissez-faire economics - the notion that an economy benefited from little government intervention.
\textsuperscript{8} Arthur J. Taylor, Laissez-faire and State Intervention in Nineteenth Century Britain, Macmillan Press Ltd., London, 1977, pp. 19-20. The most influential of Smith’s contemporaries were the Classical economists David Hume (1711-1776), Jeremy Bentham (1748-1832), and David Ricardo (1772-1823).
\textsuperscript{9} Graham Bannock, RE. Baxter, and Ray Rees, The Penguin Dictionary of Economics, Penguin Books Ltd., England, 1984, pp.403-4. The key to Smith’s ‘invisible hand’ lay in the division of labour. To illustrate his theory, Smith quoted the example of pin manufacture. Output would be minimal if one worker performed every operation in the manufacture of pins. However, output would be increased if each worker specialised in a single operation. Smith’s theory is similar to the production line process used in the twentieth century.
\textsuperscript{10} M.W. Flinn, An Economic and Social History of Britain Since I 700, Macmillan & Co. Ltd., London 1963 p 107 From the sixteenth to the early eighteenth century the British government had been actively involved in economic policy through the encouragement of certain industries, the preservation of the influence of craft guilds, and the protection of the nation’s mercantile fleet.
proposed national goals of full employment and rising standards of living.\textsuperscript{11}

In the first half of the nineteenth century, Smith’s doctrine of \textit{laissez-faire}\textsuperscript{12} economics was developed by his followers who included the economists David Ricardo (1772-1823), Jeremy Bentham (1748-1832),\textsuperscript{13} John Stuart Mill (1806-1873) and the politicians Richard Cobden (1804-1865) and John Bright (1811-1889).\textsuperscript{14}

David Ricardo was the first to demonstrate the importance of the ‘law of comparative costs’.\textsuperscript{15} While in agreement with the economic theories of Smith and Ricardo, Jeremy Bentham developed a new social theory, Utilitarianism, at a time when democratic doctrines were new. Bentham applied his Utilitarian test of the ‘greatest happiness of the greatest number’ to the laws and political institutions of Britain and found them wanting.\textsuperscript{16} A supporter of Utilitarian and \textit{laissez-faire} principles, John Stuart Mill proposed that \textit{laissez-faire} should be a universal practice. According to Mill, ‘…every departure from it (laissez-faire), unless required by some

\textsuperscript{12} Charles P. Kindleberger, Economic Response: Comparative Studies in Trade, Finance, and Growth, Harvard University Press, Massachusetts, 1978, p.42. Economists of the eighteenth and early nineteenth centuries defined laissez-faire as the absence of direct government control and regulation of the nature and direction of economic development. The notion of laissez-faire economics was first raised in the eighteenth century by the French Physiocrats who claimed that land and its products. were the only true sources of wealth. The theory was initially aimed at the reduction of export prohibitions on agricultural products.
\textsuperscript{14} Flinn, An Economic and Social History, p. 191. Cobden theorised that free trade would not only enrich nations but would help to end wars by binding countries together with bonds of trade.
\textsuperscript{15} Jan Humphreys, Stephen Hinks, Robert Chandler, John Clowes, The Economy: An Australian Focus, Longman Cheshire Pty. Limited, Melbourne, 1989, p. 143. According to Ricardo’s ‘law of comparative costs’, a country has an absolute advantage when it produces a commodity more efficiently than another country.
\textsuperscript{16} W.H.B. Court, A Concise Economic History of Britain From 1750 to Recent Times, Cambridge University Press, London, 1967, p. 123. Bentham was a democrat and legal and political reformer. Court maintains that Utilitarian principles prepared the way for an awareness, by the English government, of its responsibilities for the welfare of its people.
great good, is a certain evil’. After disputing the economic benefits of protection, Mill made an exception for the protection of new, or ‘infant industries’.

Ricardo formulated his economic philosophy at a time when economic growth had already accelerated in Britain. Rostow places Britain’s industrial ‘take-off’ between 1783-1802. He believes Britain was favoured by geography, natural resources, trading potential and the necessary social and political structures. Perkin points to further reasons conducive to Britain’s early industrialisation. These include technological innovation, plentiful amounts of capital with low interest rates and an expanding workforce which provided a market for inexpensive consumer manufactures.20 Mill’s theory of free trade was written when Britain was approaching the zenith of its industrialisation process.

Cobden and Bright were influential in shaping the free trade policy of the English Liberals. Both were members of the Anti-Corn Law League, an organisation dedicated to the removal of customs duties on the importation of corn. The League became a powerful force after gaining the support of manufacturers who, by 1841, had recognised the potential economic benefits of free trade.22 The League

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18 Humphreys et al, The Economy, p. 146. The ‘infant industry’ argument has been used by developing countries attempting to establish their manufacturing sector. The theory rests on the assumption that a newly-established industry needs protection from import competition before it can achieve self-sufficiency, at which point the tariff is removed. The theory raises two questions: the length of time that protection is required, and which body determines its termination. Mill (Donald Winch, ed.), Principles of Political Economy, p.285. According to Mill, ‘In a new country a temporary protecting duty may sometimes be economically defensible: on condition, however, that it be strictly limited in point of time, and provision be made that during the latter part of its existence it be on a gradually decreasing scale’.
21 Deane, The First Industrial Revolution, p.255.
22 Deane, The First Industrial Revolution, pp. 190-195. The government was forced to repeal the Corn Laws in 1846 after the worst famine in history swept Ireland. Because the Anti-Corn Law League had the support of manufacturers, the traditional enemies of the working-class Chartists, the League was regarded with suspicion by the Chartist movement. Manufacturers opposed the Corn Laws because they believed they inflated industrial wages and reduced workers’ purchasing power for non-food products. As the aristocracy possessed financial interests outside agriculture, the strongest objections to the repeal of the Corn Laws came from small farmers.
joined forces with the ‘Manchester School’, a body of manufacturers, for the eventual repeal of the Corn Laws in 1846. In terms of ideas and personalities, the Manchester School was vital to the emergence of the nineteenth century Liberal Party. It was through the Liberal Party that the ideologies of Classical economists and Benthamite Utilitarians found expression in the British Parliament. Britain removed all artificial hindrances to trade by 1860 and customs duties were retained on luxury goods for revenue purposes.

The efforts of early economists and reformers took place at a time of the social and economic upheaval arising from Britain’s Industrial Revolution. Deane points out that the balance of economic and political power shifted from the agricultural to the manufacturing sector in the second quarter of the century. It was during this transitional period that the power of the aristocracy was gradually transferred to the middle class.

Twentieth century economic historians recognise that the pursuit of free trade is impracticable in the modern world. This is particularly so for developing countries which need to protect their ‘infant industries’ from the competition of highly-industrialised nations. These historians have suggested alternatives, not contemplated

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23 Hollander, The Economics of John Stuart Mill, p.680. Hollander claims that members of the Manchester School were the most dogmatic exponents of laissez-faire.
24 Kindleberger, Economic Response, pp.50-52. Kindleberger maintains that the repeal of the Corn Laws was motivated by Britain’s concern over the imposition by the German States of a customs tariff, or Zollverein.
25 Flinn, An Economic and Social History of Britain, pp. 191-95. Britain practised free trade until 1915, at which time a temporary tariff was levied during World War One. Tariffs were introduced on a permanent basis in 1932 as a reaction to the Great Depression.
27 F.M.L. Thompson, The Rise of Respectable Society: A Social History of Victorian Britain 1830-1900, Fontana Press, London, 1988, pp. 13- 16. For the first time, middle class males gained the vote after the Reform Act of 1832. Suffrage was granted to those who occupied houses rated at an annual rental of £10 or more.
in the nineteenth century, to the use of a high tariff as a protective measure.29

Humphrey et al recommend the use of a subsidy for import-competing industries to reduce costs and thereby keep down the cost of goods on the domestic market.30 Glezer, however, indicates that subsidies have been unpopular with most Australian import-competing manufacturers in the twentieth century. Subsidies not only lack permanency but they are also publicly visible.31 Stretton does not discard entirely the use of tariffs. Instead, he suggests the judicious use of tariffs in conjunction with a national economic plan.32

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29 Iredale and O’Byrne, Microeconomic Policy, Australian protective measures in the mid-twentieth century included tariffs, import quotas, import licences, subsidies, bounties, harbour fees, airport taxes, port handling costs, and health and quarantine restrictions.
30 Humphreys et al, The Economy, p. 148
### APPENDIX 2

**VICTORIAN MINISTRIES FROM 1870 to 1901**

<table>
<thead>
<tr>
<th>Name</th>
<th>Party</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>John MacPherson</td>
<td>Independent</td>
<td>20/9/1869-9/4/1870</td>
</tr>
<tr>
<td>Sir James McCulloch</td>
<td>Liberal</td>
<td>9/4/1870-19/6/1871</td>
</tr>
<tr>
<td>Charles Gavan Duffy</td>
<td>Liberal</td>
<td>19/6/1871-10/6/1872</td>
</tr>
<tr>
<td>James Francis</td>
<td>Liberal</td>
<td>10/6/1872-31/7/1874</td>
</tr>
<tr>
<td>George Kerferd</td>
<td>Conservative</td>
<td>31/7/1874-7/8/1875</td>
</tr>
<tr>
<td>Graham Berry</td>
<td>Liberal</td>
<td>7/8/1875-20/10/1875</td>
</tr>
<tr>
<td>Sir James McCulloch, KCMG</td>
<td>Liberal</td>
<td>20/10/1875-21/5/1877</td>
</tr>
<tr>
<td>Graham Berry</td>
<td>Liberal</td>
<td>21/5/1877-5/3/1880</td>
</tr>
<tr>
<td>James Service</td>
<td>Conservative</td>
<td>5/3/1880-3/8/1880</td>
</tr>
<tr>
<td>Graham Berry</td>
<td>Liberal</td>
<td>3/8/1880-9/7/1881</td>
</tr>
<tr>
<td>Sir Bryan O’Loghlen, Bart.</td>
<td>Liberal</td>
<td>9/7/1881-8/3/1883</td>
</tr>
<tr>
<td>James Service/Graham Berry</td>
<td>Coalition</td>
<td>8/3/1883-18/2/1886</td>
</tr>
<tr>
<td>Duncan Gillies/Alfred Deakin</td>
<td>Coalition</td>
<td>18/2/1886-5/11/1890</td>
</tr>
<tr>
<td>James Munro</td>
<td>Liberal</td>
<td>5/11/1890-16/2/1892</td>
</tr>
<tr>
<td>William Shiels</td>
<td>Liberal</td>
<td>16/2/1892-23/1/1893</td>
</tr>
<tr>
<td>Sir James Patterson, KCMG</td>
<td>Conservative</td>
<td>23/1/1893-27/9/1894</td>
</tr>
<tr>
<td>Sir George Turner, PC, KCMG</td>
<td>Liberal</td>
<td>27/9/1894-5/12/1899</td>
</tr>
<tr>
<td>Name</td>
<td>Party</td>
<td>Term</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------</td>
<td>--------------</td>
</tr>
<tr>
<td>Allan McLean</td>
<td>Liberal</td>
<td>5/12/1899-19/11/1900</td>
</tr>
<tr>
<td>Sir George Turner, PC, KCMG</td>
<td>Liberal</td>
<td>19/11/1900-12/2/1901</td>
</tr>
<tr>
<td>Alexander Peacock</td>
<td>Liberal</td>
<td>12/2/1901-10/6/1902</td>
</tr>
</tbody>
</table>

### APPENDIX 3

CASTLENAINE POLITICIANS 1870-1901 AND TERMS OF OFFICE

#### VICTORIAN LEGISLATIVE ASSEMBLY

<table>
<thead>
<tr>
<th>Name</th>
<th>Party</th>
<th>Term Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>James Farrell (1826-1890)</td>
<td>Liberal</td>
<td>February 1866-May 1877</td>
</tr>
<tr>
<td>Richard Kitto (1836- ?)</td>
<td>Liberal</td>
<td>February 1869-January 1871</td>
</tr>
<tr>
<td>William Baillie (? - 1870)</td>
<td>Liberal</td>
<td>February 1866-November 1870</td>
</tr>
<tr>
<td>Sir James Patterson, KCMG</td>
<td>Conservative</td>
<td>November 1870-October 1895</td>
</tr>
<tr>
<td>Sir William Zeal (1830—1912)</td>
<td>Liberal</td>
<td>April 1871-March 1874</td>
</tr>
<tr>
<td>Robert Walker (1837-1926)</td>
<td>Liberal</td>
<td>May 1874-April 1877</td>
</tr>
<tr>
<td>Charles Pearson (1830-1894)</td>
<td>Liberal</td>
<td>June 1878-March 1883</td>
</tr>
<tr>
<td>James Service (1823-1899)</td>
<td>Conservative</td>
<td>March 1883-February 1886</td>
</tr>
<tr>
<td>William Gordon (1832-1916)</td>
<td>Liberal</td>
<td>March 1886-September 1894</td>
</tr>
<tr>
<td>Edward Williams (1842-1909)</td>
<td>Liberal</td>
<td>September 1894-June 1904</td>
</tr>
<tr>
<td>Sir James McCay (1864-1930)</td>
<td>Liberal</td>
<td>November 1895-December 1899</td>
</tr>
<tr>
<td>Sir Harry Lawson (1875-1952)</td>
<td>Liberal</td>
<td>December 1899-October 1928</td>
</tr>
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### VICTORIAN LEGISLATIVE COUNCIL

<table>
<thead>
<tr>
<th>Name</th>
<th>Party</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicholas Fitzgerald</td>
<td>Conservative</td>
<td>1864-1906</td>
</tr>
<tr>
<td>Sir William Zeal</td>
<td>*Conservative</td>
<td>1882-1901</td>
</tr>
<tr>
<td>Dr. William Embling</td>
<td>Conservative</td>
<td>1892-1904</td>
</tr>
<tr>
<td>William B. Gray</td>
<td>Conservative</td>
<td>1901-1904</td>
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</table>

### FEDERAL PARLIAMENT

#### HOUSE OF REPRESENTATIVES

<table>
<thead>
<tr>
<th>Name</th>
<th>Party</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir William McCay</td>
<td>Liberal</td>
<td>1901-1906</td>
</tr>
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#### THE SENATE

<table>
<thead>
<tr>
<th>Name</th>
<th>Party</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir William Zeal</td>
<td>*Conservative</td>
<td>1901-1906</td>
</tr>
</tbody>
</table>

* Zeal appears to have abandoned his allegiance to the Liberal Party following his entry into the Legislative Council.

Initially planned in the early 1860s as a permanent water supply for mining, irrigation, industrial, and domestic purposes in the Bendigo and Castlemaine regions, the Coliban water system became an economic burden for successive governments in the 1870s and 1880s. In 1872 the *Mount Alexander Mail* described the Coliban as ‘...a yoke every Minister has to bear’.\(^1\) Concerned over the mounting costs of the Coliban, the *Age* advocated its abandonment.\(^2\) Powell maintains that the major impetus for the drive to complete the ambitious Coliban system was the ‘resilient aspirations of local residents’.\(^3\)

The most insistent demand for a permanent water supply originally came from miners in Bendigo and Castlemaine in the early 1860s. A scarcity of water for puddling and sluicing over the summer months deprived thousands of miners of employment. The government decided in 1864 to build a large storage reservoir on the Coliban River at Malmsbury together with three smaller reservoirs. Three reservoirs were completed by 1868 however, their excessive cost prevented the construction of the main aqueduct and related tunnels. In 1870 it was discovered that the scheme would not deliver the anticipated amount of water because of faults in the design.\(^4\)

Colonel Sankey, an engineer experienced in overseas irrigation projects, was asked by the government to report

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\(^1\) MAM, 3/12/1872, p.2.  
\(^2\) MAM. 30/1 1/1872, p. 6/12/1872, p.2. Article from the Age reprinted in the MAM. Mackay, Minister of Mines, believed the government would not be justified in abandoning the undertaking since it promised so much to the goldmining districts.  
\(^3\) Powell, Watering the Garden State, pp.82-83.  
\(^4\) Powell, Watering the Garden State, pp.77-8. The three smaller reservoirs were sited at Bendigo, Castlemaine (Expedition Pass Reservoir), and Harcourt. An investigation by T. Higinbotham, the Chief Railways Engineer, found that the scheme would not be able to provide water for irrigation purposes, as initially planned.
on the feasibility of proceeding with the scheme.\(^5\) Sankey indicated that the sum of £1.3m as required to complete the scheme and rectify earlier design and construction faults.\(^6\) A decision was subsequently taken to proceed with a portion of the work recommended by Sankey.\(^7\)

Channels were in place by 1870 for the supply of water to both sluicers and domestic users in the Castlemaine region. However, budget deficits in 1870 and 1871 (Table 2.3) delayed the connection of water races and domestic pipes to the channels.\(^8\) When water for domestic and industrial purposes finally arrived in Castlemaine in 1872 residents found it almost undrinkable.\(^9\) Local residents then waged an unsuccessful campaign for the construction of filter beds at Expedition Pass Reservoir to purify the water.\(^10\) This was followed by a request for water from the hitherto untapped resources of Harcourt Reservoir.\(^11\) However, the government was not prepared to fund a duplication of a reticulation system already in place between Expedition Pass Reservoir and Castlemaine.\(^12\)

Even though domestic water, however impure, had arrived in Castlemaine, no water was provided for mining until 1873. When water was eventually connected miners found that

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\(^5\) MAM, 17/4/1871, p.2. Colonel Sankey was attached to the Indian Engineering Corps.
\(^6\) MAM, 21/10/1870, p. 24/8/1871 , p.2. Sankey’s report revealed that the Coliban would provide only 5 million gallons daily in years of moderate rainfall, instead of the 60 million gallons predicted by Christopherson who designed the project. Christopherson was dismissed for incompetence in 1869.
\(^7\) MAM., 3/10/1892, p.3.
\(^8\) MAM, 24/6/1870, p.2; 15/1/1872, p.2. Government funds were committed to a program of railway expansion and secular education.
\(^9\) MAM, 15/1/1872, p.2; 12/5/1873, p.2. VPD, Vol. XV, 19/11/1872, p.2102. Patterson MLA complained to Mackay, Minister of Mines, of the unpleasant odour and milky colour of Castlemaine’s domestic water. Mackay indicated that the discolouration of the water was due to its passage through the granite ranges. Mackay commented that Castlemaine residents were ‘ . . . a little too exacting’ considering Expedition Pass Reservoir had cost the sum of £30 000, with the laying of pipes to Castlemaine a further £25 000. The sum of £700 per annum was the maximum amount of revenue anticipated from the large project.
\(^10\) MAM, 12/1 1/1877, p.2. Filter beds were finally installed at Expedition Pass Reservoir in 1877.
\(^11\) To avoid confusion this reservoir will be referred to as ‘Harcourt Reservoir’ , though called ‘Barkers Creek Reservoir’ by local residents until the late 1870s.
\(^12\) MAM, 3/10/1873, . p.2; 1/3/1879, p.2; 9/12/1889, p.2. A water supply from the Harcourt Reservoir, not fully utilised until its use for irrigation in 1889, remained the goal of Castlemaine residents for many years. During the 1879 drought, the MAM remarked that the absence of a water supply from the ‘white elephant’ Harcourt Reservoir had depressed the progress of the ‘suburbs’ of Castlemaine North, Winters Flat, • and Wattle Flat.
sluicing water was cut off when water levels fell in Expedition Pass Reservoir.\textsuperscript{13}

The high cost of sluicing water affected the returns of sluicers until the end of the century. Price concessions were only granted at times when water flowed over the bye-wash at Expedition Pass Reservoir.\textsuperscript{14} Powell comments that the government often sold water from the Coliban at less than the prescribed prices.\textsuperscript{15}

A decision was taken in 1889 to sell the Coliban’s reticulation system to local municipalities for a sum lower than the original cost.\textsuperscript{16} According to Premier Gillies, this action was dictated by the decline in mining and the need to foster industrial and agricultural activities.\textsuperscript{17} However, it is more likely that Gillies was motivated by financial considerations. Although the demand for water had grown, an increase in revenue paid only .75 per cent on the government’s original investment.\textsuperscript{18} Gillies’ offer was accepted by the Shires of Metcalfe, and Maldon, whose municipalities encompassed the Harcourt orchards.\textsuperscript{19} The Castlemaine Borough Council refused to accepted the proposal on the basis that costs would exceed returns.\textsuperscript{20}

\textsuperscript{13} MAM., 7/5/1873, p. 16/12/1873, p.2; 23/2/1874, p. 26/5/1897, p. 18/1/1898, p.2; 27/4/1880, p.3; 12/1/1881, p 23/2/1882, p. 20/12/1883, p.2; 8/4/1884, p. 12/6/1900, p.

Sluicers experienced intermittent water shortages until 1900. 0

\textsuperscript{14} MAM., 7/5/1873, p. 12/5/1873, p.2; 2/9/1873, p. 16/7/1874, p. 15/5/1886, p.2; 11/8/1898, p.2. Sluicing water cost 4 pence per 1 000 gallons in 1873. Water rates were reduced to 1\frac{1}{2} pence per 1 000 gallons in 1873 and one pence in 1874, conditional on an over-full reservoir. The pointed out that Christopherson had recommended 1 pence; this would allow a margin of profit after the extraction of pennyweight of gold from 1 000 gallons of water.

\textsuperscript{15} Powell, Watering the Garden State, p.83.

\textsuperscript{16} MAM, 2714/1889, p.2; 6/5/1889, p.2. The reservoirs themselves, together with the main channel and the Poverty Gully race, were to be retained by the government. The government stood to lose 20% on its capital investment.

\textsuperscript{17} MAM., 2714/1889, p.2.

\textsuperscript{18} MAM, 16/9/1896, p.2; 81711897, p.2. Between 1891 and 1897 revenue had risen by £4 000 p annum.

\textsuperscript{19} MAM, 171611889, p. 9/12/1889, p.2. The government agreed to a request by the Shires of Metcalfe, and Maldon for the construction, at government expense, of a water race between Harcourt and Coliban Reservoirs to ensure a constant supply of irrigation water. The MAM remarked that Harcourt Reservoir would no longer be a ‘white elephant’.

\textsuperscript{20} MAM., 3/10/1889, p.2 The Council estimated that the payment of 4% interest on the government loan would not cover the returns from sales of water.
A feasibility study, undertaken by the Water Supply Department in 1899, revealed that domestic users provided the chief source of Coliban revenue while the largest consumption came from the mining industry. Sluicing water returns were so low that the government barely recouped the costs of supplying the water.21

It had become apparent by the late 1890s that the Coliban system was unable to satisfy the needs of orchardists, miners, industrialists, as well as the growing population of Bendigo.22 Castlemaine was particularly disadvantaged during dry periods. Unlike Bendigo and Maldon, where larger water mains had recently been laid, Castlemaine was serviced by one original, and inadequate, water pipe.23

In 1898 the *Mount Alexander Mail* forecast that a serious water stoppage would throw hundreds out of work in the Castlemaine region.24 A large deputation, supported by twenty politicians representing the region served by the Coliban, asked the Minister of Water Supply in 1897 for the construction of a second reservoir at Malmsbury.25 A ‘Vigilance Committee’, with the aim of exerting pressure on the Minister, was instigated by municipalities from the Castlemaine and Bendigo regions. The Castlemaine Mining Board requested Committee members to advise their political representatives to cross the floor over the issue.26

In 1900 and 1901 two dry years led to the fulfilment of the *Mount Alexander Mail*’s earlier prediction. No

21 MAM, 15/4/1899, p.2; 1 1/8/1898, p.2; 19/5/1899, p.2. Castlemaine sluicers continued to receive cheap water due to the continuing support of local politicians. Sluicing water was d. per 1 000 gallons, and d. when water ran over the reservoir bye-wash whereas domestic users paid 11- for each £1 of the rateable value of their properties. Castlemaine industries paid 11- per 1 000 gallons; orchardists paid 6d. per 1 000 gallons from a pipe and id. from a race.

22 MAM, 16/9/1896, p.2; 23/2/1898, p.2. The MAM estimated that a population of over 50 000 depended on the Coliban water supply.

23 MAM, 8/2/1901, p.2; 12/2/1901, p.2; 15/2/1901, p.2. Castlemaine’s water main, 10 in diameter, was insufficient to service two dredges, orchards, breweries, factories, mines, stock, and domestic users. The MAM was concerned that the ‘disgusting condition of town gutters could breed disease’. The destruction, by fire, of a building at the Castlemaine Benevolent Asylum was attributed to the poor water supply.

24 MAM., 18/1/1898, p.2

25 MAM., 8/7/1897, p.2.

26 MAM, 8/8/ 1898, p.2.
sluicing activities were conducted in the Castlemaine region for over ten weeks in 1900. Water shortages in 1901 not only threw ‘large numbers’ of sluicers and miners out of work, but also forced the temporary suspension of activities at Fitzgerald’s Brewery. Irrigation water was cut off in 1901 for the first time since the commencement of fruit-growing in the district.

Political pressure arising from the activities of the Vigilance Committee appears to have been successful. Tenders were called in 1900 for the construction of a further reservoir. The region’s water shortage problem was resolved in 1902 with the completion of the Upper Coliban Reservoir.

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27 MAM, 12/6/1900, p.2.
29 MAM, 8/2/1901, p.2.
30 MAM, 13/3/1901, 20/3/1901, p.2. The MAM commented that fruit-growers were the most severely affected by the shortage of water.
31 MAM, 27/3/1900, p.2
32 Powell, Watering the Garden State, p.83.
APPENDIX 5

THE WATTLE BARK BOARD OF INQUIRY, 1878

The leather and footwear industries were two of Victoria’s fastest growing industries by the end of the 1870s thereby providing a substantial source of employment.1 Because of its superior quality, large quantities of Victorian wattle bark, a component used in the leather tanning process, were sought by overseas tanners. Exports of wattle bark had increased by one hundred per cent (Table 3.6) from 1870 to 1877, necessitating the importation of hides by Victorian tanners (Table 3.6).2

Government concern over the effects on both the footwear and tanning industries led to the instigation of the Wattle Bark Board of Inquiry in 1878. The Board of Inquiry was required to determine ‘the best method by which the development of one industry would prove beneficial to the other, while guarding against the possibility of a diminution of the supply of bark by such means as would ensure its production in larger quantities’.3

The Manager of Cunnack’s Tannery in Castlemaine, Alexander Goudy, informed the Board of Inquiry that Castlemaine had been depleted of wattle bark through indiscriminate stripping of young trees by Chinese miners. These men had been forced to find alternative sources of income after the depletion of alluvial gold. The tannery, which used six hundred and fifty tons of wattle bark per annum, was now buying wattle bark from Avoca.4 To overcome the costs, of transporting bark from further afield, the tannery planned to use an alternative tanning agent. Cunnack had earlier imported a Wardian case5 of Quercus macrolepis, or Valonia Oak, from Turkey. The seedling oaks were not only,

2 Report of the Wattle Bark Board of Inquiry, pp.4
3 Report of the Wattle Bark Board of Inquiry, pp.2-
4 Report of the Wattle Bark Board of Inquiry, pp.64-65. The cost of Avoca wattle bark ranged between £3.15.0 and £55.0, depending on quality.
5 A transportable wooden box with a glass lid used in the propagation of plants.
planted at the tannery but also in other parts of Victoria.6

The Castlemaine Crown Lands Bailiff, Henry Bannerman, informed the Board of Inquiry that, although the district was ‘well adapted for the growth of the wattle’, much of the available wattle had already been stripped. Most of the young trees had been stripped before they had matured sufficiently to shed seeds, a practice which would affect future supplies of bark. Bannerman recommended that trees under the diameter of four to five inches should not be stripped.7 Further, that the penalty for stripping immature trees should be raised from its present rate of five shillings.8

In its report to Parliament the Wattle Bark Board of Inquiry deplored the ‘reckless’ stripping of wattle bark. In the Board’s opinion, indiscriminate stripping, if unchecked, would ‘…materially check the progress of the tanning industry and export trade’. The Board recommended the cultivation of wattle trees on Crown Land and the issuing of licences for the stripping of mature trees. The Board of Inquiry was confident that the imposition of these conditions would obviate the need of an export duty on wattle bark.9

The pressing need for the immediate preservation of young wattle trees led to the introduction within a few months of an export duty of £3 per ton.10 Nevertheless, two of the Board’s recommendations were introduced. Contractors were granted licences to strip mature trees only, and wattles were grown on Crown land. Between twelve and

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7 Bannerman estimated that wattle trees took six years to achieve this size.
8 Report of the Wattle Bark Board of Inquiry, pp.63-64.
fifteen hundred acres of wattle trees had been planted on Crown land by 1887.\textsuperscript{11}

Wattle bark remained in short supply for a further ten years, necessitating the importation of wattle bark from Tasmania.\textsuperscript{12} A shortage of domestic supplies was accompanied by a rise in the price of bark.\textsuperscript{13} In 1889 government concern over the shortage of bark was followed by further plantings of wattle trees. Underlying this concern was the fact that some thirty thousand people were now employed in the Victorian tanning and footwear industries.\textsuperscript{14}

The shortage of bark in the late 1880s does not appear to have disadvantaged Cunnack’s tannery. By 1882, the quantity of bark used by the tannery had fallen to three hundred and eighty—four tons. As the \textit{Mount Alexander Mail} reports that ‘acorns and nuts were ground night and day’, it is assumed that the Valonia Oaks had reached bearing age.\textsuperscript{15} Cunnack had also planted sixty-eight acres of black and gold wattle trees at Walmer which were expected to reach maturity in 1888.\textsuperscript{16}

\begin{footnotes}
\item[11] MAM, 3 1/1/1881, p.2; 13/9/1887, p.2. One hundred acres had been planted in the railway reserve of the Geelong line between Little River and Lara.
\item[12] 30/7/1885, p.3.
\item[13] MAM, 2/10/1882, p.2. The price of wattle bark had risen to £70.0 per ton by 1882.
\item[15] MAM., 21/10/1882, p.2.
\item[16] MAM, 2/10/ 1882, p.2. One hundred acres of wattle trees were also planted at Walmer by J. Horwood.
\end{footnotes}
APPENDIX 6

THE ‘LOCAL OPTION’ ISSUE

In response to pressure from the temperance movement over a number of years, the government introduced the Liquor Licensing Bill in 1884.¹ Commonly known as ‘Local Option’, the new Bill gave ratepayers the right to determine the number of hotel licences issued in their locality.² Hotly debated until 1888, Local Option was relevant to Castlemaine for several reasons. The local representative in the Legislative Council, Nicholas Fitzgerald, was the proprietor of a Castlemaine brewery. Not only did the two local breweries provide employment, but also the Castlemaine Borough contained fifty-six hotels.

A deputation from the liquor trade, led by Nicholas Fitzgerald, informed the Chief Secretary, Berry, in 1884 that a reduction in the number of hotels would bring deprivation to the many workers in the industry.³ In Castlemaine, a meeting of local hoteliers passed a resolution ‘…that any reduction in the number of hotels would not enhance the prosperity of the district’.⁴ This meeting was followed by a gathering of those who supported the Local Option Bill. A supporter of the temperance cause, Patterson MLA, pointed out that Castlemaine contained one hotel for every twenty men, excluding hotelkeepers. The meeting passed a resolution that fewer hotels would ‘…tend to promote material prosperity and moral welfare in the community’.⁵

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¹ Serle, The Rush to be Rich, pp. 160-61. Victorians drank more liquor, particularly spirits, per capita than New South Welshmen and South Australians. When in California, Deakin noted that alcohol consumption was lower in America than in Victoria.
² MAM, 15/7/1884, p. 17/7/1884, p. 28/9/1885, p.2. Berry proposed to introduce a Bill to amend the Licensing Act, thereby reducing the number of hotels. The proposal was an extension of current legislation giving ratepayers the power over any decisions to increase the number of hotels. A survey, conducted in 1885, indicated a successful Local Option vote would reduce the number of licensed hotels in Castlemaine from 54 to 12.
³ MAM, 15/7/1884, p.2. Fitzgerald had extensive brewery interests (Chapters 2-7).
⁴ MAM, 29/3/1888, p.2. Interjections from Horwood, representing Local Optionists, aroused calls of ‘put him out’ from members of the audience.
⁵ 5 MAM, 20/3/1888, p.2; 23/3/1888, p.2; 30/3/1888, p.2. Supporters of Local Option in Castlemaine presented a petition to the Governor in Council seeking a reduction in the number of hotels in Castlemaine. The MAM pointed out that Castlemaine was over-supplied with hotels. The Borough contained 56 licensed houses whereas the statutory number on the basis of population was only 12.
The results of the plebiscite indicate that supporters of the temperance movement in Castlemaine were outvoted by three to one. Matthews, Editor of the *Mount Alexander Mail*, commented that the outcome was ‘a great triumph for publicans’.⁶

APPENDIX 7

OPENING UP THE WASTELANDS

In 1887 the success of Harcourt orchardists prompted an initiative by the Castlemaine Borough Council to open up the deserted flats and gullies at Campbells Creek for horticultural purposes. Following an inspection of the region, Councillor Yandell commented on the project’s potential to arrest the drift of settlers to cheap irrigated land now thrown open at Mildura.

Initial negotiations between the Castlemaine Council and the government over the wastelands proposal took place at a time when exports of primary produce were actively encouraged. Harcourt orchardists had already demonstrated their ability to make a contribution towards exports (Chapter 5).

The wastelands proposal received the support of all local politicians including Gordon, a member of the Castlemaine Mining Board. At a public meeting called to discuss the proposal, the Council’s initiative was strongly opposed by the Castlemaine Mining Board. The Board argued that gold could still be found in the depleted alluvial flats and gullies. Objections were also raised in relation to concessions sought by prospective settlers. These included the granting of freehold titles, leases of more than one acre, leases of more than year’s duration, and

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1 MAM, 6/12/1887, p. 18/1/1888, p.2. The main instigators of the proposal were Councillor Augustus Yandell and Henry Winkelmann, the latter a former miner. Winkelmann as already conducting a successful orchard and market garden at Campbells Creek on land obtained under a miner’s right. Yandell and Winkelmann inspected the Campbells Creek region, finding only nine Chinese and six European alluvial gold seekers working a total of 15 000 acres of wasteland.
2 MAM, 18/1/1888, p.2
3 MAM., 9/2/1888, p.2; 24/2/1888, p. 2/3/1888, p.3; 12/3/1888, p 20/8/1889, p.2. The Argus, Melbourne, 4/7/1888, p.7. Gordon’s attempt to push through a motion in support of the proposal was defeated at a subsequent meeting of the Castlemaine Mining Board. Within three months of the initial public meeting, forty persons had applied for five acre blocks at Campbells Creek.
4 MAM, 18/1/1888, p.2. The proposal was supported by the Maldon Shire Council whose President, Cr. Waterworth, joined the committee. Two influential members of the local mining sector attended the initial public meeting. Mine owner, Hannibal Rowe maintained that Pennyweight Flat alluvial grounds had yielded 982 ounces of gold since 1883. Mr. Morris, a member of the Mining Board, believed there were still quantities of alluvial gold in the region. Cr. Waterworth commented that the Mining Board was ‘too powerful’ for any successful outcome of the plan.
the erection of a dwelling on leasehold land. Potential selectors pointed out that a one year lease was impracticable because of the capital outlay required to level the wastelands. A one acre block was unlikely to provide a living and, as horticulture required intense cultivation, a dwelling was deemed a necessity.

The power of Victorian Mining Boards had already been noted, not only by Castlemaine residents, but also by the Melbourne Age. These Boards had been established in 1855 in each of the six Victorian mining regions. Each Board, comprising members of the mining community, had the power to make by-laws appropriate to its own district. A Board not only determined the quantity of land awarded a miner, but also dealt with the registration and transfer of auriferous land Birrell suggests that an ability to exercise considerable covert ‘political clout’ ensured the survival of Mining Boards.

Supporters of the Campbells Creek project anticipated that a recently-instigated Royal Commission into mining would lead to a recognition that Mining Boards had outlived their usefulness. Thomas Elliott, Mayor of Castlemaine, informed the Royal Commission that the local Mining Board was the only body opposed to opening up the wastelands.

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5 MAM, 1/2/1890, p.2; 24/2/1890, p. 1/10/1892, p. 15/10/1892, p.2; 19/10/1892, p.2; 28/1/1893, p. 17/3/1893, p.2; 28/9/1893, p. 16/1/1894, p.2; 11/12/1894, p.2. In support of their cause, the Castlemaine Mining Board sent a petition against land selection, signed by miners, to the Minister of Mines.

6 MAM, 17/6/1890, p.2. A number of residents from the township of Castlemaine were ready to take up blocks if they could be sub-let. Patterson MLA, the Mayor, and other residents were each pre to take up a block to ‘make a start in the cultivation of viticultural, horticultural, and floricultural products’.

7 MAM, 14/3/1888, p.2. The earlier necessity for Mining Boards had almost disappeared. Their original function was the prevention of ‘shepherding’ of leases. ‘Shepherding’ occurred when mining entrepreneurs took leases on land which was never ultimately prospected.

8 MAM, 14/3/1888, p.2. Matthews, Editor of the MAM, claimed that Mining Boards cost £5 000 per annum without any equivalent gain to the colony. Age, 22/12/1888, p. 14. The Age pointed out the intransigence of the Mining Boards in their opposition to any opening up of waste goldfields for horticultural purposes. MAM, 20/12/1889, p.2. In 1889 the Castlemaine Borough Council moved a resolution for the abolition of the Boards.

9 Birrell, Slaking a Claim, pp.42; 60; 73 ; 137.

10 MAM, 1/2/1890, p.2. The Royal Commission was instigated in 1889 to identify the reasons for the decline in goldmining. The majority of Castlemaine witnesses indicated that the local Mining Board was a hindrance to the economic expansion of the district. John Waterhouse, Manager of the South Wattle Gully Mine, declared that ‘Mining Boards were an abuse...(they) represented their own clique or particular friends and...ceased to be useful’. Only two witnesses believed that gold could still be found in the old alluvial grounds. These witnesses were Robert Mitchell, a member of the local Mining Board and Thomas Brown, the local Mining Surveyor.
Yandell, a resident of Castlemaine since the 1851 goldrush, maintained that horticulture, not gold, now played a more important role in the local economy. When delivering its findings in 1891, the Royal Commission recommended the abolition of Mining Boards but this did not eventuate until 1914.

All Mining Boards were asked by the government in 1890 to prepare maps identifying land suitable for selection. This was followed by calls from other Victorian goldfields for the unlocking of depleted alluvial grounds. Following receipt of the maps in 1892, the government passed legislation authorising the opening of depleted alluvial grounds, subject to the approval of a committee comprised of the local Mining Board and two other organisations. Castlemaine Councillors expressed their dismay over the composition of the committee and also the absence of security of tenure in the legislation.

There had been an increase in unemployment in the goldmining industry in the early 1890s (Chapter 6). This led to renewed efforts by Patterson and Gordon, now joined by Fitzpatrick MLC, for a resolution of the wastelands issue. Castlemaine Council renewed its efforts...
in 1893 with the establishment an open enquiry to
determine the extent of wastelands in the Parish of
Castlemaine. Evidence presented to the enquiry indicated
that, as well as Campbells Creek, there were further
areas of depleted alluvial land in the Castlemaine region.18

Although some land had been released to selectors, the
pro-selection lobby group maintained that the Castlemaine
Mining Board was reluctant to release worked-out land. A
further cause of complaint was the delay in processing
applications and the subsequent issuing of land titles.

Further pressure was placed on the government in 1893 by
supporters of the wastelands proposal. A deputation of
Castlemaine Councillors informed the Minister of Mines
that the Borough Council was ‘tired of the delay’. Councillor Elliott pointed out that a large number of
residents had left the region because of the decline in
mining. Indicating that quartz mining had ‘not altogether
finished’ in Castlemaine, the Minister assured
Councillors that his department would speed up the
processing of applications and land titles.19

No land titles had been issued after twelve months despite
the Minister’s promise. Councillor Yandell proposed that
the government be asked to establish a local body to
examine selectors’ applications. Yandell believed that the
Council could process the applications promptly as the
blocks had already been surveyed. Yandell’s motion was
lost after objections were raised by Williams MLA, a
Councillor with extensive mining interests.20

18 MAM., 6/5/1893, p. 7/7/1893, p.2.
20 MAM, 18/5/94, p.2. The proposed board would include Councillors ‘and others’. The motion was
lost three to four. Seconding Yandell’s motion, Councillor Elliott complimented him on his
perseverance over the issue. Elliott identified the major obstacles to selection as ‘too much delay and
red-tapeism’ on the part of the government. Elliott also believed that the government guarded its
auriferous lands jealously. Williams’ objection to the motion was based on his belief that Councillors
possessed less knowledge of the wastelands than the Mining Board.
The battle to open the wastelands appears to have been won by the end of 1895 and, by the late 1890s, Campbells Creek was producing significant quantities of fruit.
APPENDIX 8

ADULTERATION OF FLANNEL MANUFACTURED BY THE CASTLEMAINE WOOLLEN MILL

Williams MLA, Managing Director of the Castlemaine Woollen Mill, became the major target of free-traders during the tariff debates of 1895. A Conservative Member, Graves, displayed a sample of Castlemaine flannel in the Legislative Assembly with the claim that it contained forty per cent cotton. Refusing to either confirm or deny Grave’s charge, Williams merely remarked that ‘there were only two or three’ besides himself who were aware of the composition of the particular cloth. Williams did admit that the mill manufactured a flannel containing one-eighth cotton, and retailing at one shilling per yard, as well as a superior quality flannel.¹

Williams was challenged a few weeks later by Irvine MLA, another Conservative Member. Irvine claimed that an examination of Castlemaine flannel by the Government Analyst had revealed a cotton content of forty-two per cent. Williams admitted that the mill produced a flannel containing ‘a large proportion of cotton’ but argued that its popularity was proof of public demand.²

‘Civis’, the Mount Alexander Mail’s Melbourne reporter, noted the exhaustive tests applied to the sample of flannel by the Government Analyst. According to ‘Civis’, ‘the mystery surrounding Castlemaine wool has grown deeper than ever. . . . If Mr. Williams. . . . has been in a blissful state of child-like ignorance of the extent to which adulteration has been carried on, he must be now suffering a rude awakening…37½ (sic) per cent is a big mistake to find…”³

¹ Argus, 1416/11895, p.3
² MAM, 417/11895, p.3.
³ MAM, 617/1895, p.2.
The *Mount Alexander Mail* reported the adulteration debate but Robertson refused to make editorial comment because of its potential to damage the ‘position’ of local politicians. Robertson stated later that, although the mill could manufacture ‘world class’ goods, it was compelled to adulterate its product to meet the exigencies of competition, and satisfy the demands of the public. Robertson believed the mill was disadvantaged by the public’s limited spending power and the need to compete with cheap imports.⁴

Conservative Members continued to pursue the adulterated cloth issue. Williams refused a challenge by Graham MLA to refer the matter to a select committee. Graham then called on the Premier to appoint either a board or a select committee to inquire into the adulteration of local flannels and tweeds. Although Turner promised to introduce legislation aimed at abolishing the practice, he failed to do so.⁵ No further reports of the adulteration controversy appear in the *Mount Alexander Mail*.

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⁴ MAM., 8/7/1895, p.2  
⁵ MAM., 11/7/1895, p.2
APPENDIX 9

FEDERATION

Some years after the colonies had reached agreement over Federation, New Zealand decided to withdraw from its earlier decision to form part of an Australasian Federation. Two colonies, Queensland and Western Australia, were reluctant to participate in Federation.¹ For Victorian Liberals, the major obstacle to Federation was their uncertainty over the level of the future Federation tariff.

Opposition to Victoria’s high tariffs not only came from free-trading New South Wales, but also from the colonies operating under a moderate tariff policy.² Deakin reports the existence of two other impediments to Federation, both unrelated to the tariff. These were a perception of Victoria’s radicalism by Conservatives from other colonies, and the ‘hereditary’ rivalry of New South Wales. Deakin makes the claim that this rivalry deprived Victoria of support from New South Wales in pre-Federation conventions.³

Victorians were asked to cast their vote in 1897 for the election of delegates to a Federation Conference to be held in Melbourne in March 1898.⁴ Before the election,

¹ C.M.H. Clark, Select Documents in Australian History 1851-1900, Angus and Robertson, Australia, 1968, p.477, pp.518-26. New Zealand’s three major objection were as follows. Essentially an exporting country, New Zealand was concerned over the effect of a high tariff on its export- producers. In the event of an attack by a hostile force, New Zealand believed the time factor would hinder the arrival of an Australian-based naval fleet. New Zealand was also reluctant to hand over the administration of its indigenous population to Australia. According to the New Zealand delegate to the 1890 Federal Convention, Australia had ‘...dealt with native races in a much more summary manner than we have... in New Zealand’. Residents from the Eastern Goldfields petitioned Queen Victoria in 1900 for separation from Western Australia. Although they wished to participate in Federation, goldfields residents believed they would not gain sufficient representation in a Federal Parliament without separation from Western Australia.
² Patterson, The Tariff in the Australian Colonies, pp. 158-163. These colonies were Tasmania, South Australia, Queensland, and Western Australia.
³ Alfred Deakin, (Herbert Brookes, ed.), The Federal Story: The Inner History of 1/ic Federal Cause, Robertson and Mullens, Melbourne, 1944, p.77
⁴ Clark, Select Documents, pp.452-97. The draft Constitution Bill was accepted by delegates at the 1898 Convention. Earlier meetings had taken place in 1883 (to discuss the creation of a Federal Council); in 1885 (to establish a Federal Council); an Australasian Federal Conference in 1890; a Federal Convention in Sydney in 1891; a Federal Convention in Corowa in 1893; and a Premiers’ Conference in Hobart in 1895.
Castlemaine was addressed by several candidates and their supporters. One candidate, Duncan Gillies, informed his audience that no other colony would gain more from inter-colonial free trade than Victoria. Agreeing with Gillies’ remarks, Chairman James Thompson pointed out that his foundry’s workforce would be ‘halved’ if forced to rely on the Victorian market. Although Castlemaine electors showed little initial interest, the *Mount Alexander Mail* noted that the latter stages of the campaign generated great enthusiasm.

Following the Convention Castlemaine welcomed the Premier, Sir George Turner, on his first visit to Castlemaine. Accompanied by Alfred Deakin, Dr. Quick. and other Victorian Convention delegates, Turner addressed a large and enthusiastic meeting at the Theatre Royal. According to the *Mount Alexander Mail*, ‘the great bulk, if not all, of the Castlemaine electors are in favour of the Commonwealth Bill’. A unanimous resolution was carried in support of Federation at a meeting of the Pioneers and Old Residents Association. The Association decided to urge the Australian Natives Association (ANA) to continue in its support of the Convention Bill.

Certain Convention delegates, particularly those with legal training, had reservations over the misinterpretation of the ambiguous term ‘absolutely free’ contained in Section 92 of the Constitution. Section 92 states ‘On the imposition of uniform duties of customs, trade, commerce, and intercourse among the States, whether by means of internal carriage or ocean navigation, shall

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5 MAM, 12/2/1897, p.2; 2/3/1897, p. 2, 3/3/1897, p2; 4/3/1897, p.2. Candidates who addressed the Castlemaine electorate included Fitzgerald, McCoy, Williams, Sir John McIntyre, AR. Outtrim, Zeal, Dr. Quick., Isaac Isaacs, and Higgins. The MAM expressed its disappointment that Fitzgerald’s campaign was curtailed because of illness. .
6 MAM, 1/3/1897, p.2.
7 MAM, 23/2/1897, p. 5/3/1897, p.3.
8 MAM, 19/4/1898, p.2.
9 MAM, 30/4/1898, p.2.
10 J.A. La Nauze, ‘A Little Bit of Lawyers’ Language’, pp.57-93 in A.W. Martin, (ed.), Essays in Australian Federation, Melbourne University Press, Melbourne, 1969, p.80-86. Turner, a lawyer, was unhappy over Section 92. Addressing Turner’s concern, Barton replied that the Clause would rule out payment for postage services, wharfage fees etc. Isaac Isaacs, also a lawyer, had reservations over the term ‘absolutely free’.
be absolutely free’. The concern over Section 92 expressed by Turner and Isaacs was well-founded. New South Wales was later to use the ambiguity of Section 92 to its own advantage. 

Australians were asked to cast their vote for the Commonwealth Bill on the third of June 1898. In a burst of euphoria, the Mount Alexander Mail declared ‘the glorious third is a great day for Australia’. The Bill was supported by approximately eighty per cent of the Victorians who voted but rejected by almost all who voted in New South Wales. The Castlemaine electorate indicated its overwhelming support for the Bill.

The Bill could not be passed as New South Wales, had failed to achieve the required affirmative vote, and Queensland and Western Australia had refused to participate in the referendum. At a Premiers’ Conference held in Melbourne to discuss the stalemate it was decided to conduct a second referendum.

Deakin comments on the support of the ANA throughout the Federation cause. In Castlemaine the ANA convened a

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11 La Nauze, ‘A Little Bit of Lawyers’ Language’, pp.62-69. The term ‘absolute freedom’ was used in 1849 by the British Privy Council when investigating the possibility of a uniform tariff between the Australian Colonies. Parkes, as well as others involved in the framing of the Constitution, was influenced by the American Constitution. During the framing of the Constitution, Parkes stated ‘...we must constantly look (to) the United States. ...there is absolute freedom of trade throughout the extent of the American union’. La Nauze therefore concludes that the framing of Section 92 relied more heavily on the American Constitution.

12 Pers. Comm. 7/7/1998. Dr. D.S. Wishart, Director-General, Department of Agriculture, Victoria 1967-79. Section 92 remained a vexatious issue until well into the twentieth century. In the 1970s a perception that New South Wales was in breach of Section 92 forced Victoria to seek legal opinion over its interpretation. Because New South Wales was unable to compete on a cost basis with Victorian milk and eggs, their entry was prevented on the pretext that the livestock from which they originated did not comply with the New South Wales relevant animal health regulations.

13 MAM., 6/5/1898, p.2. All households received copies of the Bill by post.

14 MAM, 3/6/1898, p.2.

15 Compulsory voting had not yet been introduced.

16 Clark, Select Documents in Australian History, p.510. In New South Wales there were 71 595 ‘Yes’ votes and 66 228 ‘No’ votes.

17 MAM, 4/6/1898, p. 6/6/1898, p.2. The Castlemaine ‘Yes’ vote was 1 565 while the ‘No’ vote was 197. Comments by Robertson, Editor of the MAM, support Turner’s contention that New South Wales, unlike Victoria, possessed few branches of the ANA.


19 Deakin, The Federal Story, pp.89-93. Deakin criticises the attitude taken by the Age in the late 1890s. The Age wanted the retention of a high tariff which Deakin believed was impossible under Federation. The Age abandoned its opposition to Federation after the ANA intensified its campaign. R.S. Parker, ‘Australian Federation: the Influence of Economic Interests and Political Pressures’, in
meeting at which citizens were urged to cast a ‘Yes’ vote at the second referendum. This was followed by an even stronger ‘Yes’ vote from the Castlemaine electorate. Queensland finally agreed to a referendum which subsequently resulted in a narrow, but sufficient, majority in favour of the Bill. Even though Western Australia still demanded concession, the British Government indicated its willingness to negotiate the enactment of the draft Bill.

Parker’s analysis of the results of the two referenda reveals the importance of economic interests in determining the Federation vote. Victoria’s high ‘Yes’ vote is attributed to confidence in its ability to compete with inter-colonial rivals after the removal of tariff barriers at Federation. Parker uses the high ‘No’ vote cast by Maffra and Outtrim as an example of sectional economic interest. This region contained the heavily-protected beet sugar, coal mining, and stock breeding industries, all of which faced stiff inter-state competition after Federation.

Blainey questions Parker’s emphasis on economic interest as the major determinant in the referenda. Blainey concedes the importance of economic interest, but places...
more emphasis on the role played by the ANA, the press, the Amalgamated Miners’ Association, and the churches.  

After the Constitution Bill had been accepted by the British Parliament, Turner prepared for the first Federal election. In a speech delivered in Castlemaine, Turner maintained that the ‘true question’ of the election was the protection of Victoria’s industries against ‘a bastard free-trade policy’. Turner believed New South Wales was engaged in a deliberate attempt to return an overwhelming number of free-traders for that State. Victoria would need to return a preponderance of Liberal members to protect its established industries. Turner regarded Castlemaine as a ‘representative centre containing…farming, agricultural interests, goldmines, and manufacturers.’

The newly-created Federal electorate of Corinella, with Castlemaine at its centre, attracted several candidates. These included Fitzgerald and McCay who both conducted a vigorous campaign for a seat in the House of Representatives. As the level of the new Federal tariff had not yet been fixed, the speeches of both politicians were devoted to what they believed to be the most favourable tariff.

In a speech at the Castlemaine Town Hall McCay, a Liberal, called the Federal election a ‘straight out fight between Conservatives and Liberals’. McCay indicated his support for a White Australia policy, women’s suffrage, and a

25 In February 1900 an inter-colonial conference of free-traders was held in Sydney. In the following April, protectionists held a conference in Sydney.
26 MAM., 26/2/1901, p.2; 1/3/1901, p.2; 2/3/1901, p.2; 7/3/1901, p.3; 9/3/1901, p.2; 14/3/1901, p.2; 16/3/1901, p.2; 21/3/1901, p.2; 23/3/1901, p.2; 25/3/1901, p.28/3/1901, p.2. Over a period of five weeks Castlemaine was addressed by many politicians promoting the Liberal cause. Only one free-trader, the Hon. R. Reid, spoke to the Castlemaine electorate.
27 Richard Appleton, (ed), Collins Milestones in Australian History, William Collins Pty. Ltd., Sydney, 1986, p.402. Impending Federation did not mean the demise of the free trade versus protectionism debate. In 1900 there were intercolonial conferences held by both the free-traders and protectionists.
Court of Conciliation and Arbitration. Declaring himself to have always been a protectionist and never a prohibitionist, McCay favoured a Federal tariff of fifteen per cent. Cheers greeted McCay’s claim that jobs were always lost when a reduction in the tariff triggered an increase in imports.\(^{29}\)

Fitzgerald declared himself to be an opponent of the extremes of either protectionism or free trade. He indicated that a Federal tariff could only be achieved through ‘…all States engaging in a spirit of compromise’.\(^{30}\) Fitzgerald refused to say whether he was a Liberal or Conservative, merely remarking that he ‘had often been called an old Tory’. A supporter of the White Australia policy, Fitzgerald refused to entertain the notion of women’s suffrage.\(^{31}\)

The new electorate of Corinella demonstrated its allegiance to the Liberal cause by returning McCay to the House of Representatives.\(^{32}\) Zeal, who had recently resigned from the Victorian Legislative Council, was elected to the Senate.\(^{33}\)

\(^{29}\) MAM, 2/3/1901, p.2; 12/3/1901, p. 14/3/1901, p.2. McCay devoted considerable time to an analysis of the effects of different levels of the Federal tariff. As McCay was unable to afford the establishment of electoral committees over the large electorate of Corinella, a group of friends, 64 in all, formed a committee in Castlemaine. The Committee included E.D. Williams MLA as well as many other prominent Castlemaine businessmen. A similar committee, composed of 14 of McCay’s supporters and friends, was formed in Chewton.

\(^{30}\) MAM, 713/1901 , p.2. The following statement from Fitzgerald’s speech indicates that he did possess a moderate outlook on the question of the tariff. According to Fitzgerald ‘It was quite clear that free trade would not yield (sufficient revenue). It was also quite clear that protection could not do it, because the apostles of protection always declared that they would not be satisfied until all foreign goods were excluded, in which case customs would yield no revenue at all’.

\(^{31}\) MAM, 713/1901, p.2; 8/3/1901, p.2. With large pastoral interests, and as a member of the Legislative Council, Fitzgerald is assumed to have been a Conservative. • The MAM commented that many of the electors who had not heard previous speeches of the 72 year old Fitzgerald were impressed, not only by his vigour, but also by his capability as an orator. Fitzgerald’s business acumen contributed towards the success of the breweries and his speech demonstrates a mastery of all the financial items required in consideration of a Federal budget.


\(^{33}\) MAM, 9/3/1901, p. 14/3/1901, p.2; 25/3/1901, p.2. Other Senate candidates were ex-MLA James Styles and Simon Fraser MLC. There are no reports of pre-election speeches by Zeal and Fraser although Fraser is reported to have visited Castlemaine. Styles’ speech reveals that he was a protectionist and in favour of a White Australia policy.
THE FIRST FEDERAL TARIFF

When delivering the first Commonwealth Budget, Sir George Turner announced details of the first Federal tariff. The tariffs possessing particular relevance to the Castlemaine region are as follows. Metal manufactures twenty-five per cent, blankets twenty per cent, woollen piece goods fifteen per cent, leather fifteen per cent, candles 1½ per pound, beer 3d. per gallon, and spirits eleven shillings per gallon.34

Turner’s announcement was followed by a ‘monster’ meeting in Melbourne of free—traders who condemned the new tariff. The meeting resolved that the tariff would ‘…unjustly tax the masses and put impositions on the necessaries (sic) of life and mining and agricultural industries and on raw materials of many manufacturing industries’.35 Two meetings were held in Melbourne by protectionists who indicated their support of the new tariff.36 Only one protest meeting, at Sutton Grange, was held in the Corinella electorate.37 Robertson remarked that the absence of further protest ‘…could be considered evidence that people in the electorate, though not agreeing with the tariff in every detail, recognise the heavy task of the government’.38

Two months after the introduction of the tariff a New South Wales representative, Mahon MHR, moved an amendment in Committee, that the tariff on blankets be reduced from twenty to ten per cent. McCay MHR declared that this would destroy Victorian blanket manufacturers. A tariff rate of fifteen per cent was set following a vote by Committee members.39 Robertson, remarked ‘…we believe Victorian had a right to expect more than this of a government that came into power, not on extreme protective

34 The Commonwealth of Australia Parliamentary Debates, VoL 5, Session 1901-1902, 8/10/1901, First session of the First Parliament, Government Printer of the State of Victoria, 1902, pp. These were all ad valorem tariffs.
35 MAM, 22/10/1901, p2.
36 MAM, 29/10/1901, p.2; 29/10/1901, p.2.
37 Since Sutton Grange was a rural area, it is assumed that the meeting was held to protest against tariffs on components used in agricultural production.
38 3MAM., 2/11/1901, p.2.
39 MAM, 6/12/1901, p.
lines it is true, but with the Prime Minister’s promise that he would not destroy industries which had sprung up in Victoria under protection.’

40 MAM, 14/12/1901, p.2.
APPENDIX 10

WOMEN’S SUFFRAGE IN CASTLEMAINE

Women’s suffrage was supported by all Castlemaine politicians, with the exception of Patterson MLA and the electorate’s representatives in the Legislative Council. Fitzgerald MLC\(^1\) and Embling MLC both voted against the second reading of the Women’s Suffrage Bill in 1898.\(^2\) After denying that the Legislative Council had obstructed the introduction of universal suffrage, Zeal proposed a referendum on the issue.\(^3\) Before his death, Patterson had favoured the ‘principle’ of women’s suffrage but believed ‘…women…at present, were not prepared for the vote’.\(^4\)

Gordon supported the Women’s Suffrage Bill on the rationale that it would assist in the ‘better regulation of the liquor traffic’.\(^5\) Williams, together with his wife, were enthusiastic supporters of the campaign\(^6\) and in 1895 Williams promised his support for the Bendigo branch of the Women’s Franchise League.\(^7\) A branch of the League was

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\(^1\) MAM, 7/3/1901, p.2. In a statement unremarkable for its logic, Fitzgerald made the claim that women’s suffrage would distort the vote and pose ‘a danger to liberty’. Fitzgerald predicted that 91 percent of Melbourne women would cast a vote whereas, in country areas, women would not leave their household tasks to do so. Nevertheless, Fitzgerald declared himself to be ‘sentimental’ towards women. ‘A good woman was one of the sweetest flowers of heaven, a treasure like that of an angel’.\(^2\) MAM., 14/9/1898, p. 15/9/1898, p.2; 6/9/1899, p.2. Embling believed that women should not be compelled to vote against their will. Instead, women should wait for Federation legislation. Before the Bill was thrown out again in 1899 Embling claimed it would lead to the degradation of women.\(^3\) MAM, 3/9/1900, p.2. At a banquet held in his honour at Castlemaine, Zeal quoted from a letter he had received from Helen Hart, a former suffragist in South Australia. Hart, who had resiled from her earlier stance on women’s suffrage, wrote ‘I trust you will not put the Bill through Parliament…the women want 100 years to educate them to the principles of politics’. Zeal posed the rhetorical question: ‘...(we) have love and respect for the ladies, and would make great sacrifices for them.. Their influence was all powerful, but was it desirable to give them the franchise?’ This statement was greeted by a chorus of ‘No’. Letter from Arthur D. Freeman, Press Correspondent of the Castlemaine Branch of the Women’s Franchise League in MAM, 29/8/1900, p.2. Commenting on Zeal’s nomination for re-election in the Legislative Council, Freeman questioned Zeal’s failure to address the ‘two uppermost public questions of the day’. These were women’s franchise, and reform of the Upper House, Freeman called on Zeal to visit Castlemaine and state his policies on these two issues.\(^4\) MAM, 20/7/1 894, p.3.\(^5\) MAM., 23/7/1894, p.2.\(^6\) MAM, 10/3/1900, p. 28/7/1900, p.2. Pers. Comm. Helen Vellacott, grand-daughter of Williams MLA, 8/7/1998. Jane and Edward Williams were ahead of their time in their support of higher education for women. Three of their four daughters were graduates of Melbourne University in the 1890s.\(^7\) MAM, 14/3/1895, p.2.
established in Castlemaine at a meeting attended by thirty women at the home of Mrs. Williams in 1895.\textsuperscript{8}

The local League appears to have had a substantial membership. In 1897 the \textit{Mount Alexander Mail} reported that ‘only’ sixty members, mostly female, were able to attend the League’s Annual Meeting. Held in the Castlemaine Mechanics’ Institute the meeting was addressed by Dr. Quick, and Miss Michie of Melbourne. Dr. Quick assured his audience that Federation would be accompanied by the introduction of female suffrage.\textsuperscript{9}

After the Legislative Council refused to pass the Suffrage Bill in 1898, a large meeting in Castlemaine was addressed by Williams MLA, McCay MLA, and the Attorney-General Isaac Isaacs. After describing the enfranchising of women as ‘one branch of the great Liberal cause’, Isaacs called for a resolution, subsequently passed, that the recent decision of the Legislative Council be condemned.\textsuperscript{10}

Dr. Quick, MLA for Bendigo, was re-elected as the President of the Women’s Franchise League in 1889.\textsuperscript{11} The following year fifty women gathered at the home of Mrs. Williams for a ‘drawing-room meeting’ to listen to a talk given by Vida Goldstein.\textsuperscript{12} A few weeks later the local branch of the League was addressed by Goldstein, Mrs. Watson Lister, Williams, and Harry Lawson, the latter Castlemaine’s new Member in the Legislative Assembly.

\textsuperscript{8} MAM, 15/5/1895, p.2; 29/5/1895, p.2. The meeting was addressed by Mrs. Rofe, ex-President of the Bendigo branch of the League. Meetings would be held each fortnight and membership was open to any woman over the age of 21 years on the payment of one shilling per annum subscription. The Vice-Presidents were ED. Williams MLA, Reverend Hume Robertson, Mrs. Harrison, and Miss Palliser. At the next meeting, W.J.S. Gordon MLA and Dr. Hutton were also elected as Vice-Presidents.

\textsuperscript{9} MAM, 13/8/1897, p.3

\textsuperscript{10} MAM, 8/11/1898, p.2.

\textsuperscript{11} MAM, 14/6/1899, p.2.

\textsuperscript{12} MAM, 5/5/1900, p.2. A large number of new members were enrolled at this meeting. Dianne Scott, ‘Woman Suffrage: the movement in Australia’ in Journal of the Royal Australian Historical Society, Vol. 53., December 1967, pp. 19-20. Vida Goldstein became the leader of the radical women’s movement in Victoria and was the only Australian suffragist to gain a truly international reputation. Goldstein made an unsuccessful bid for a Senate seat in 1903.
Goldstein congratulated Williams for his efforts which had been responsible for the re-introduction of the Bill.13

In the Parliament Lawson’s claim that the majority of men and women in his constituency favoured women’s franchise was denied by Sir John McIntyre MLA.14 McIntyre’s comments were challenged by A.D. Freeman, Press Correspondent of the Castlemaine Branch of the League. Freeman pointed out that McIntyre had falsely informed the House of the numbers of Castlemaine women who had recently signed a petition to the Premier.15

The suffrage debate in Castlemaine saw the emergence of a local Anti-franchise League, established by thirty-two ‘prominent citizens’. The new League decided to ask local representatives in the Legislative Council to oppose the Bill.16 Harcourt residents responded to the formation of the Anti-franchise League by establishing a local branch of the Women’s Franchise League.17

Statements by Robertson, Editor of the Mount Alexander Mail, indicate that he supported the patriarchal attitude of conservative Castlemaine politicians. Robertson asked ‘why don’t suffragists accept the challenge of Sir John McIntyre. . .put it to the test and have a referendum…why should ladies who have not asked for it have it foisted on them’? Robertson went on to say that ‘this is the crux of

13 MAM, 29/5/1900, p.2. McCay, ex-MLA and supporter of the movement, was also present at the meeting. A resolution was passed that Zeal, Fitzgerald, and Embling be informed of the strong feeling in Castlemaine for universal suffrage.
14 MAM., 18/7/1900, p.2.
15 Letter from A.D. Freeman in MAM, 26/7/1900, p.2. According to Freeman, McIntyre had stated that in 11 months the Castlemaine League could only ‘procure the signatures of 57 women, of whom 16 or 17 were underage. Freeman pointed out that the petition was signed by 610 Castlemaine and 258 Maldon women. Not one signatory was under the age of 20 years.
16 MAM, 30/8/1900, p.3. The Anti-franchise League was open to men and women on payment of an entrance fee of one shilling. The Chairman was Dr. Fethers and Vice-Presidents were McLeay, McBeath, Dann, Harrison, Laws, Hickey, and Mrs. Gardiner. Scott, Woman Suffrage: the movement in Australia ‘, p.3 16. Scott maintains that Melbourne possessed the only Anti-Suffrage League in Australia. It is therefore assumed that the Castlemaine Anti-franchise League was an off-shoot of the Melbourne League.
17 MAM, 30/8/1900; 3 1/8/1900, p.2. The Harcourt meeting was held at the home of Mr. Henry Ely who was elected President. Vice-Presidents were Mrs. E. Pritchard, Miss McKinley, and Mr. Warren. Secretary Miss Lang and Mrs. J.B. Warren Treasurer. Nine members enrolled at the meeting. The Castlemaine branch of the League had 80 members at this time.
the question as the Mount Alexander Mail has pointed out many times’. 18

In the 1890s females comprised 46.5 per cent of the Australian population. 19 For decades, a substantial proportion of Australian women were denied the right to vote. Female suffrage was introduced in South Australia in 1894, followed by Western Australia in 1899, New South Wales in 1902, Tasmania in 1903 and Queensland in 1905. All Australian women gained the right to vote in Federal elections in 1902. Female suffrage was not extended to Victorian women until 1909. 20

18 MAM., 24/6/1901, p.2.
19 Jackson, The Population History of Australia, p.35. This figure includes females of all ages.
APPENDIX 11

OLD AGE PENSIONERS IN CASTLEMAINE

Based on the findings of the Old Age Pensions Commission, the Turner government decided in 1897 to introduce a means-tested pension to males and females over the age of sixty-five years. The Commission had visited various country areas of Victoria, including Castlemaine, before presenting its report to Parliament.

Board members of the Castlemaine Benevolent Asylum informed the Commission that they supported the notion of a State pension system. They condemned the current practice of gaoling the destitute and elderly and suggested that they be ‘privately’ brought before a Justice of the Peace for remand in the emergency ward of the Benevolent Asylum. It was pointed out that the Asylum had difficulty in accommodating the large number of elderly miners and farm labourers without homes. The needs of these inmates had severely stretched the Asylum’s accommodation.

Evidence was presented by T. Felstead, Mayor of Chewton, who maintained that miners were unable to make provision for their retirement. With average weekly wages of £1.10.0, miners with large families were unable to accumulate any savings. Most local miners worked until the age of fifty-five or sixty years, unlike Bendigo miners whose working life ended at the average age of forty years. Felstead suggested the establishment of a

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2 MAM, 4/61897, p.2.
3 Fahey, ‘The Aristocracy of Labour in Victoria’, p.82. In the 1880s and 1890s the wage for general labourers was £1.16.0 per week compared with a bricklayer’s wage of £3.00.
4 MAM, 4/6/1897, p.2. Graham, President of the Castlemaine Benevolent Asylum, attributed the major cause of the poverty of the miners to the decline in alluvial gold. The Benevolent Asylum, equipped to hold 102, now cared for 114 inmates.
5 MAM, 4/6/1897, p.2. According to Felstead, the ventilating systems in the Castlemaine mines were superior to those of Bendigo. The working life of Bendigo miners was shortened by phthisis, a disease of the lungs often called ‘miners’ disease’.
retirement scheme funded by joint contributions from the State and working miners.6

Turner’s proposal for an old age pension was condemned by one witness, Williams MLA. He believed the scheme was ‘dangerous’ because of the difficulty of distinguishing between the ‘worthy’ and ‘unworthy’ poor.7 Conceding the difficulties faced by sixty year old men in finding employment, Williams claimed that ‘shophands’ were capable of accumulating sufficient savings for retirement.8 Williams assured the Committee that mill-hands could save on a wage of £1.10.0 per week.9

The Reverend Hume Robertson of Castlemaine’s Anglican Church informed the Commission that, although he encountered ‘a good many indigent poor’, he believed the district was ‘not too badly off’. Hume Robertson opposed the notion of a State pension fund on the grounds that the community was already over-taxed. Such a fund would ‘...cut at the root of thrift...(and) do away with filial responsibility which is the foundation stone of society’.10 Instead, Hume Robertson favoured a ‘poor rate’ to be levied on municipal ratepayers.11

When the Commission’s report was presented in 1898 Parliament could not reach agreement over the most appropriate method of raising money for the scheme.12

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6 MAM, 4/6/1897, p.2. Some local miners who could afford to do so made provision for their retirement by making contributions to Friendly Societies and Lodges. Felstead suggested the transfer of these contributions to a State-sponsored fund.
7 Thompson, The Rise of Respectable Society, pp.345-53. Williams’ comments were not unusual for his era. Thompson comments that, by the late nineteenth century, the English middle-class l became alarmed by a perception that the ‘undeserving’ poor were receiving more assistance than the ‘deserving’ poor.
8 MAM, 4/6/1897, p.2. Williams claimed that men ‘up to 70 years of age’ could earn between £1.5.0 and £1.10.0 per week on piece work in the Castlemaine Woollen Mill.
9 Letter from E.D. Williams in MAM, 7/6/1897, p.2; 2/10/1897, p.2. Williams complained that the MAM had misreported his evidence before the Old Age Pensions Commission. Williams’ statement was denied by Robertson, Editor of the MMVI, who commented that the evidence was ‘faithfully and impartially reported’. Questioned over his statement at an election speech, Williams indicated that his comments referred to single men.
10 MAM, 4/6/1897, p.2. Hume Robertson appears to have overlooked the fact that a poor rate would be an additional tax.
11 MAM, 7/7/1898, p.2. After discarding the notion of the English system of workhouses, Robertson suggested the use of ‘hotels’ similar to those established in England by Lord Rowton. The Rowton hotels, after providing for the aged at a cost of six shillings per week, were able to make a profit of five per cent. These estimates were based on contemporary lodging costs in ‘the best part of Melbourne and suburbs’.
Turner lost office in 1899 and the pension issue was not pursued until his return in 1900. The Old Age Pension Bill was finally passed in the following year.\textsuperscript{13}

Three hundred and fifteen Castlemaine residents applied for the old age pension within five weeks of the arrival of the relevant application forms.\textsuperscript{14} Robertson, Editor of the \textit{Mount Alexander Mail}, remarked that some children, by forcing their parents to apply for the pension, had transferred their responsibilities to the State. In Robertson’s opinion the pension could only ‘breed filial disrespect’.\textsuperscript{15} Robertson conceded that the amount of the pension was ‘niggarly’ and not expected to meet legitimate needs.\textsuperscript{16}

The Benevolent Asylum was concerned over the pension’s effect on the source of its free labour. Twenty-seven men, the majority of whom were able to perform gardening work, had left the Asylum after being granted the pension. Vegetables and grapes grown by these men had provided a ‘good’ source of revenue for the Asylum which was now forced to find an alternative source of labour.\textsuperscript{17}

Many of the pensioners left the Asylum because of its prohibition of alcohol.\textsuperscript{18} Some five months after the introduction of the pension, Mitchell, President of the

\begin{footnotesize}
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\item[\textsuperscript{13}] MAM, 18/8/1899, p.2. Turner’s first Old Age Pension Bill proposed a pension of £15 per annum to all persons over the age of 65 years not possessing an annual income of £26. Other beneficiaries were those under the age of 65 years who suffered permanent ill-health caused by mining or other injuries. The total amount of pension expenditure was limited to the sum of £150 000 per annum. The second Bill, passed in 1901, established a means-tested pension of 10/- per week.
\item[\textsuperscript{14}] MAM, 8/1/1901, p. 14/2/1901, p.2. Pension applications were subject to the approval of Mr. Perry, the Castlemaine Post Master. Perry had granted 147 and refused 18 pensions but still had 150 applications to process. Thirteen of the successful applicants were women. The average pension paid was seven shillings and six pence.
\item[\textsuperscript{15}] MAM., 11/1/1901, p.2.
\item[\textsuperscript{16}] MAM, 15/2/1901, p.2. Robertson disapproved of a decision by Peacock, the new Premier, to publish the names of pension applicants whose children refused to support them.
\item[\textsuperscript{17}] MAM, 10/5/1901, p.2. In: 1900/1901 Asylum inmates produced 2 tons of onions, ‘many’ tons of melons, vegetable marrows, squashes, beetroot etc. Robertson remarked that Asylum inmates were ‘. . . the best fed, at the cheapest rate in Victoria’.
\item[\textsuperscript{18}] MAM, 8/6/1901, p.2; 28/12/1896, p.2. The Asylum only permitted the consumption of alcohol at Christmas. Since the early 1870s Fitzgerald’s brewery had donated alcohol to the Asylum each Christmas. The last mention of this custom is in 1896.
\end{itemize}
\end{footnotesize}
Castlemaine Benevolent Asylum claimed that many pensioners were living wretched lives. Peacock, the new Premier, ordered an investigation after Mitchell’s remarks were reported in the Argus. Sergeant C.W. Armstrong, Officer in Charge of the Castlemaine Police Station, accompanied by the Reverend G. Pennicott of Christ Church subsequently made an inspection of Castlemaine pensioners.\(^{19}\)

The investigation revealed instances of appalling poverty with some pensioners unable to afford sufficient food. A number of pensioners who, had previously lived under the tee-total laws of the Benevolent Asylum preferred the ‘liberty’ of life on the pension. Dismayed over the destitution they had witnessed, Armstrong and Pennicott expressed the hope that their report would result in immediate action.\(^{20}\)

One other Melbourne newspaper also published details of the living conditions of the Castlemaine pensioners. The Australasian remarked that the advanced age of the pensioners rendered them unfit not only to earn money, but also to spend it prudently. The Australasian went on to say ‘…it is a cruel kindness to confer on them a liberty they can only abuse’.\(^{21}\)

Robertson called the situation ‘scandalous…and better it is remedied the better the good name of Castlemaine’.\(^{22}\) He suggested the implementation of Turner’s earlier promise of a supervisory committee composed of clergymen ‘or other respectable persons’. ‘Why not ask the Ladies Committee

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\(^{19}\) Argus, Melbourne, 3/6/1901, p.5. According to Mitchell, some pensioners were forced to ‘heap together like animals’ and beg for food because most of their pension had been spent on alcohol.

\(^{20}\) MAM, 3/6/1901, p.2. Out of the 16 pensioners visited, only four were found to be ‘clean and self-supporting’. According to Armstrong and Pennicott, these four individuals ‘deserved’ the pension. The MAM reports the living conditions of seven of the 16 pensioners but only mentions that five, aged between 71 and 92 years, had recently left the Benevolent Asylum. Two men, one 82 and the other 92 years of age, rented a sparsely-furnished room adjoining a hotel in Forest Street for 3/- per week from their combined pension of 17/6 per week. Armstrong and Pennicott saw little meat and no vegetables during their inspection. The average meal appeared to be bread jam, and tea.

\(^{21}\) MAM, 10/6/1901, p.2. A MAM report of an article from the Australasian.

\(^{22}\) MAM, 3/6/1901, p.2.
of the Benevolent Asylum to perform this work?’ asked Robertson.23

In the Parliament Williams called the pension scheme ‘a noble act dreadfully and badly administered’.24 A fall in the budget surplus in 1901 (Table 7.1) forced Peacock to reduce the pension from ten to seven shillings per week.25 Changes to the Old Age Pension Act in 1902 led to the introduction of a means test for children of aged parents. The children of any parent who applied for a pension were summoned to ‘show cause why they should not contribute to the support of their aged parents’.26

23 MAM., 4/6/1901, p.2
24 MAM, 20/6/1901, p.2
25 MAM, 24/9/1901, p.2; 25/10/1901, p.2. Castlemaine representatives in the Legislative Assembly, Williams and Lawson, favoured the retention of the former rate of 10/- per week.
26 MAM, 3 1/1/ 1902, p.3. Appleton, (ed.), Collins Milestones in Australian History, p.434. An old age pension scheme was introduced by the Federal government in 1908.
LABOUR PRACTICES AT THE CASTLEMAINE WOOLLEN MILL

During the tariff debates of 1895 Williams MLP was attacked in the Legislative Assembly by Conservatives relating to charges of improper labour practices in the Castlemaine Woollen Mill. Earlier, an investigation of the mill had been made by an Inspector of Factories (Figure 13) under the provisions of Section 30 of the Factories and Shops Act 1890. This Act legislated against the employment of females for more than forty-eight hours per week.

Miss Cuthbertson, Lady Inspector of Factories, found that the Castlemaine mill had contravened the Act during the week ending 11 May 1895. Cuthbertson’s investigation was followed by an inspection by Sergeant Salts of the Castlemaine Police who was assured by Williams and the mill manager, Gale, that only male weavers had been engaged in overtime work.\(^1\)

Although Cuthbertson’s investigation indicated a contravention of the Act, no charges were laid against the mill provided it adhered to the conditions of the Act for a period of twelve weeks commencing 10 June 1895. Turner’s failure to prosecute the mill led to a charge by Graves MLA that the Chief Secretary, Peacock, had conspired with Williams over the issue. In support of his attack, Graves quoted the contents of a letter received from a Castlemaine resident.\(^2\) Peacock, an opponent of sweating practices, was unable to respond to Graves’ charge, having returned home from Parliament due to illness. The Premier then asked Mr. Harrison Ord, Chief

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1 27/5/1895, Letter to the Managing Director (E.D. Williams), Castlemaine Woollen Mills from Harrison Ord, Chief Inspector of Factories, (Figure 13).
2 VPD, Legislative Assembly, Vol. LXXVII, 4/7/1895, p.763. The content of the letter received by Graves from G. Ward, Hargreave (sic) Street Castlemaine is as follows. ‘Excuse me for taking the liberty of sending you this line. Could you let me know how ED. Williams got permission to work the Castlemaine Mill from 7.30 am to 8 pm? Some time back the Police stopped him, and now he is on again. He says that he has got permission’.
Inspector of Factories, to issue a statement to the press.\(^3\)

According to Ord no action would be taken against the mill provided management adhered to certain provisions. These allowed the mill to rotate a working week of fifty-six hours between groups of employees. In any one week, twenty-six females and thirteen males under the age of sixteen years were permitted to work up to fifty-six hours per week. Management was required to obtain the consent of employees before the latter worked fifty-six hours per week. Further, that these employees were to be paid at the rate of time and a half. Four copies of the Clause had been displayed in the mill’s workrooms and Ord was satisfied that ‘the rules (were) adhered to rigidly’.\(^4\)

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\(^3\) MAM, 617/1895, p.3. It is noted that Robertson made no Editorial comment over the sweating issue at the local mill.

\(^4\) MAM, 6/7/1895, p.3. Employees evidently spent 12 hours per day at the mill. According to the Act, employees working overtime were entitled to a tea break of one hour which reduced the ‘working time to the 11 hours stipulated’. 
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