

PLENTY MORE LITTLE BROWN MAN! PEARLSHELLING AND WHITE AUSTRALIA IN QUEENSLAND 1901-18.

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*Wearer of pearls in your necklace, comfort yourself if you can.
These are the risks of the pearling—these are the ways of Japan;
‘Plenty more Japaneese diver, plenty more little brown man!’*

A.B. Paterson, *The Pearl Diver*

STUDY OF THE origins and development of the White Australia policy has been a recurring theme of Australian historical research. Little remains to be learnt of the developments in the late nineteenth and early twentieth centuries that culminated in the passage of legislation to restrict the immigration of Chinese and other Asiatic races, and for the deportation of one of the country's largest immigrant, coloured populations—the Kanakas. Nevertheless, there have been few attempts to analyse the implications of the adoption and legislative enforcement of the principles of White Australia in one industry which, at the turn of the century, contained the largest concentration of Asian immigrants in Australia, namely the pearlshelling industry.

At the same time as the Queensland sugar industry was being alternatively compelled or encouraged to adapt itself to white labour, arrangements were made to permit the continued employment of coloured labour on the shelling fleets. Under paragraph (j) of Clause 4, the shelling industry was exempted from the main provisions of the Immigration Restriction Act of 1901. In the years immediately following, a permit system was introduced whereby the shellers were granted continued access to the Asian labour market. The pearlshelling industry thus came to enjoy the unique privilege of becoming Australia's sole exception to the policy of excluding indentured coloured labour.

Existing explanations of these developments are not entirely satisfactory. In general, they tend to illustrate briefly some aspects of the industry's weak economic position that militated against the employment of well-paid European labour. These factors no doubt help to explain the failure of the many attempts to effect a transition to white labour, but they are not suf-

ficient to account for the industry's continued ability to employ cheap, coloured labour at a time when all other industries were being denied this concession. Attempts have been made to account for this situation in terms of the superior lobbying ability of the shellers,¹ and as the result of diplomatic pressures exerted by Japan on behalf of her overseas nationals in the industry, leading to the granting of special concessions for this particular group of coloured immigrants,² but neither of these arguments is well substantiated.

Moreover, some writers appear to have completely misinterpreted the special arrangements made for the shelling industry. They seem to assume implicitly or explicitly (in the same way as did many Labor politicians of the period) that any departure from a programme of total exclusion of coloured aliens necessarily entailed a departure from the aims of White Australia. It is for this reason that Dr Beckett argues that 'the Torres Strait pearlers . . . along with their colleagues in Western Australia and Port Darwin, remained exempt from the provisions of the White Australia policy'.³ A close examination of the reasons for the permit system and the way in which it was established reveals, to the contrary, that these arrangements were fully in accord with that policy's objectives.

This essay offers a reinterpretation of the shelling industry's experience during the years in which White Australia became a dominant consideration in national affairs, with particular reference to the Queensland branch of the industry. A brief examination of the origins of the industry's dependence on cheap, coloured labour forms the background to the analysis of its subsequent experience in attempting to come to terms with repeated demands for the industry's conversion to European labour. These demands were connected with a competitive struggle within the industry in the late 1890s, in which the dominant capitalist interests were able to exploit successfully the prevalent anti-alien feeling of the country to win protection from the competition of an alien capitalist class. The failure of the many attempts by Labor politicians to extend the ambit of this campaign so as to exclude coloured labour as well, will be examined in the light of the industry's many structural weaknesses that necessitated continued access to a low-wage labour force. Economic considerations are also central to an understanding of the industry's subsequent exemption from the provisions of the Immigration Restriction Act and to the institution of the permit system, but it is important to note that the policy objectives of White Australia strongly influenced administrative developments with respect to this industry. The economic, technical and political obstacles to the reconstruction of the Queensland pearlshelling industry, that was attempted in 1908, are then examined; while the final part of the essay deals with the last major attempt to convert the industry to white labour, in 1911-16.

1868-1900

Queensland pearlshell was first exploited commercially in 1868 on the Warrior Islands in the Torres Strait. Within weeks of the initial venture,

shore stations, financed by Sydney firms and employing local native labour, dotted the islands of the Torres Strait in search of the valuable gold-lipped shell that had hitherto been in world-wide shortage. In the ensuing decades, favourable conditions of demand and supply encouraged rapid expansion, and Queensland pearllshelling quickly assumed importance both within the local economy and the international market—Queensland supplied approximately 20 per cent of total world supplies of shell.⁴ By the 1890s, however, years of unchecked development, coupled with the sudden collapse of the European market for shell, upon which Queensland shellers were almost completely dependent, exposed many structural weaknesses within the industry. By that time neither geographic expansion nor technological improvement could solve the problem of declining yields. As a luxury commodity, subject to fashion whims and with numerous cheap substitutes, shell was subject to considerable market manipulation of prices that local shellers could do little to control, given the need to remain competitive with other cheap labour sources. Wage costs thus became the principal constraint on profits and it came to be felt that the industry's survival depended on continued access to a low-wage labour force.

Although instability in production and prices later assumed an important bearing on the industry's dependence on cheap coloured labour, this was not the case initially. The practice of obtaining local natives—principally Torres Strait and Pacific Islanders—to do the work of diving largely reflected the fact that they represented the only available labour force with the necessary skills for swimming-diving operations. With the advent of dress-diving in 1874, these Islanders were quickly relegated to subordinate positions as crew members of boats manned by white, South Sea or Norfolk Island divers. Despite high earnings, few of the newcomers remained long in the difficult and dangerous work of diving and from the 1880s onwards, shellers increasingly turned towards the fishing populations of Asia for the recruitment of divers and tenders. The Filipinos, Manillamen and Malays were not only more capable and reliable than their predecessors but were willing to work for lower wages than were paid to whites, and in consequence the few remaining white divers, and later the Norfolk and Pacific Islanders, were supplanted by Asiatics.

During the 1890s keen competition associated with the industry's economic crisis prompted further wage reductions, and the Malay divers were in turn rapidly displaced by poorly paid Japanese indentured workers. Indeed, by 1897 the Japanese already held a position of numerical dominance in shelling, and their number at Thursday Island, for the first time, far outstripped that of the resident white population.⁵ Furthermore, with the aid of the shore-station owners, the Japanese had acquired an interest (by rent and ownership) in approximately one-third of the total Queensland shelling fleet in the five years since their arrival.⁶

Given the industry's unstable economic position, a section of the larger companies (the floating-station owners, who each operated a fleet of luggers serviced by a schooner at sea) felt that this competition could not be tolerated and quickly took the initiative in demanding discriminatory legislation

against the Japanese. Following a Royal Commission in 1897, in which the fleet owners exercised a decisive influence, Queensland enacted legislation which both prohibited boat-renting and restricted the issue of all further boat licences issued under the Pearlshell Act to British subjects.⁷ The floating-station owners thus succeeded not only in eliminating the threat of Japanese ownership but also in dealing a serious blow to their shore-station competitors. More importantly, they had skilfully manipulated the opportunity afforded by the Royal Commission to present a strong case for the industry's continued access to cheap Asian labour, which could soon provide the basis for the industry's exemption from the provisions of the proposed Immigration Restriction Act. However, if the more orthodox exponents of the White Australia policy were sometimes embarrassed by the shellers' success in confining the principle of protection to the propertied class, the latter clearly underestimated the determination with which Labor politicians, both state and federal, would fight to ensure the exclusion of all coloured peoples. What had seemed a complete victory for the floating-station owners in 1899 thus proved to be merely the first episode in a bitter twenty-year struggle to bring the pearllshelling industry completely within the ambit of White Australia.

1901-05

It has been said that the desire to deal effectively with the threat of Asian immigration was the most important single influence upon the achievement of Federation in 1901. As all parties and all classes were agreed that the time had come for concerted action on the principle of White Australia, the new Federal Parliament lost no time in introducing legislation to prohibit further Asian immigration. This is not the place for a detailed analysis of the origins and development of the Immigration Restriction Act of 1901. Suffice it to say that diplomatic pressures exerted by the British government and, to some extent, Japan, coupled with the knowledge of Queensland's unfortunate experiences in attempting to pursue an independent immigration policy in the late 1890s,⁸ culminated in the Commonwealth's acceptance of a legislative model that would ensure the desired restriction without provoking diplomatic repercussions. Hence under Section 3 of the Immigration Restriction Act, any person who failed to pass a dictation test of fifty words in a European language could be declared a prohibited immigrant.⁹ One might expect that the passage of this Act would have doomed the pearllshelling industry to extinction. On the contrary, the very industry that contained the largest concentration of Asian immigrants soon achieved a unique position in Australian affairs by becoming the sole exception to the policy of excluding indentured coloured labour.

The pearllshelling industry received very little attention during the Immigration debates despite its obvious commitment to the employment of coloured labour. Indeed, most of the details had already been worked out when Parliament was first asked to consider exempting the industry from the provisions of the Bill. Speaking on behalf of the shelling interests in

Western Australia, Mahon presented a strong case for the industry's continued access to the Asian labour market. He argued that it could not provide attractive returns for either the white divers themselves or those who offered them employment. There could be no real question of Asian competition with whites once it was recognised that the industry could not be carried on at all without coloured labour. Nor was there much danger of 'racial contamination'. By the nature of their work the coloured men engaged in the industry spent very little time on shore, while regulations compelling the repatriation of indentured labour meant that few, if any, would become permanent residents of Australia. More importantly, as operations were largely conducted outside the three mile limit, it was feared that a new base would be established in Dutch colonial territory, beyond Australian control, and the benefits of revenue and export income would be lost to the Commonwealth forever.¹⁰

Arrangements had already been made to allow for the temporary exemption from the Bill's provisions of the master and crew of any vessel during its stay in port.¹¹ Although this was originally intended to meet the needs of foreign rather than domestic shipping, the shellers soon became aware of the loophole, and this left only the diver's position in doubt. Mahon suggested that the difficulty could be overcome if this clause were altered so as to include any 'other persons engaged in the vessel'¹² but in doing so he opened up a contentious debate between those who were prepared to make some concessions and those who demanded rigid enforcement of the Bill's provisions. Opposition members immediately attacked the amendment on the grounds that it would create a dangerous leakage 'through which a stream will ultimately pour', whilst providing sugar-growers with an unfortunate precedent for the maintenance of kanaka labour. As there seemed no way to placate these fears, Mahon eventually decided to withdraw the amendment in the hope that those responsible for the Act's administration would not willingly destroy the industry by a too literal interpretation of its provisions.¹³

Shellers were less than satisfied with this uncertain arrangement and lost no time in informing Parliament of their plans to place their vessels under foreign flag and to work outside the three mile limit if they were not granted full and permanent exemption.¹⁴ In the following months Prime Minister Barton received numerous deputations representing shelling interests at Thursday Island and Port Darwin—some declaring their intention to establish a new base of operations in the Dutch port of Merauke in New Guinea and others insisting that this was merely a threat which could never be carried out. Unable to ascertain the truth of these conflicting allegations and anxious to prevent the fishery from falling into the hands of a foreign power, Barton decided in January 1902 that for three months, short exemptions should be granted to divers during their vessels' stay in port, pending the outcome of a special inquiry which could ascertain the true facts of the situation.¹⁵

News of his action provoked sharp criticism in the House of Representatives, particularly from Labor quarters. While some objected to the incon-

sistencies that had arisen between the treatment of the shelling and sugar industries, both of which professed a need for coloured labour, Labor members decried the undermining of an Act, which had received universal support, for the advantage of a 'few monopolists who happen to control the pearl fishing industry'.¹⁶ Bamford argued that not only was Merauke a bluff but white labour was both available in sufficient quantities and capable of profitable employment in shelling. He even went so far as to suggest that at one time the industry had been almost solely conducted by white labour, which was patently untrue. Watson urged that the country would be well rid of the unpatriotic shellers, and his supporters added that an industry which could not be carried on without the 'infernal system of "truck" ' and serious loss of life should be afforded no special treatment.¹⁷ Barton remained unmoved.

In April 1902, Judge Dashwood was appointed to investigate conditions in the shelling industry at Thursday Island and Port Darwin, particularly with a view to ascertaining the practicability of conducting the industry with white labour and the suitability of Merauke as an alternative base of operations. Though conducted in some haste, Dashwood's inquiry was a little more impartial than the previous Commission, with labour spokesmen being given their first opportunity to present their position officially. Evidence was also taken from a number of local employers not connected with the industry, but the fleet owners continued to exercise a dominant influence.

The old hostility between the floating stations and the shore owners remained, but news of the inquiry had prompted attempts to achieve a uniform stand on the question of coloured labour to which all parties would pledge themselves before the Commission. According to F. Hodel, manager of one of the largest remaining shore stations and a firm devotee of White Australia, a meeting of the major floating-station interests had been held at the offices of Burns, Philp & Co. a few days before Dashwood's arrival, at which they agreed to give their support for the employment of white divers if the shore owners and labour spokesmen would recommend the continued employment of coloured crews. A deputation was appointed to wait upon Messrs Hodel and Gummow, representing the shore interests, and R. Cohen and C. Ashford, representing the Labor Party. However, as regulations restricting the number of licensed boats to those currently engaged in the industry had been passed in the previous year,¹⁸ Hodel suggested that it was useless to recommend white divers until licences for new boats were again thrown open to the public. As the floating-station representatives would not agree to permit new competition, the conference eventually terminated without any understanding having been reached.¹⁹ In the absence of a compromise all parties were left free to lobby as they desired, and the fleet owners now seemed determined to use their numbers to press for total exemption from the Immigration Restriction Act.

The Queensland shelling industry had undergone little change since the Hamilton Royal Commission of 1897. If the question of foreign ownership no longer remained contentious, the industry was still heavily dependent on Asian labour. Of the 255 divers employed in 1902 there were 190 Japanese

and only one European. All but 42 of the 1773 men employed as crew were coloured.²¹ Shell prices had made some improvement in recent years (see Table I), but due to a surplus of labour the benefits had not been passed on to the employees in the form of wages.²² Despite some efforts to prevent depletion of the beds, the average catch per boat had declined markedly and divers were being driven further and further afield in their search for shell. It was estimated that approximately five-sixths of the shell was currently obtained outside the three mile limit.²³ In addition, the enthusiastic hopes of the previous decade for a re-establishment of the industry on the basis of cultivation of shell by white lessees were now nowhere to be found; James Clark had long since abandoned his early experiments in this field.

With these facts in mind, Dashwood attempted to gauge the probable results for the industry of an enforced conversion to white labour. Like Barton, he received highly conflicting reports. Of the nineteen witnesses examined at Thursday Island, nine men (including all eight floating-station representatives) suggested that the industry could not be carried on without coloured divers and crew. Only a matter of days after they had given Hodel private assurances that they were willing to support white divers, the fleet owners insisted that there was not sufficient profit in the industry to employ European labour. In order to attract white divers they would be compelled to grant wage increases of £5 to £15 per ton, as well as making costly improvements to the scale of rations and the accommodation supplied on the boats, which would leave no margin for profit. They pointed to the industry's history of failure with white labour as evidence of its unsuitability and added that the hard work and the oppressive climate made the life extremely unattractive to whites, whilst their employment under such conditions created disciplinary problems that were not experienced with coloured workers.²⁴ A further five witnesses accepted these arguments in relation to crews but felt that the industry could well afford to pay white divers and tenders, even at substantially higher rates.²⁵

Hodel led the opposition stand with a call for complete conversion to white labour. He presented the Commission with a detailed plan under which a gradual conversion to white labour could be effected without serious dislocation to the industry. Under Hodel's scheme both divers and tenders would require licences, which would in future be restricted to Europeans. Restrictions forbidding the issue of further boat licences would be immediately withdrawn so as to give white divers some opportunity of obtaining their own boats. A bonus of £10 per ton on shell raised by vessels carrying white divers and tenders would be made available in the first three years of the scheme; thereafter it would be granted only to vessels entirely manned by white labour.²⁶ This scheme already had the support of Cohen, the local secretary of the Waterside Workers Union, and a number of local merchants and labourers, many of whom believed that the shellers would have no difficulty in obtaining sufficient white labour from the south.²⁷

Hodel's plan was supported by figures which purported to show the feasibility of employing white labour. He estimated that the monthly running cost of a boat with white tender (£6), four white crew at £5 each (£20),

provisions (£5), dresses and upkeep etc. (£5), would be £36 per month, or £432 per year. To this he added £40 for depreciation, taking the total expenses to £472. With a catch of four tons of shell, valued at £165 per ton, and £50 worth of pearls, receipts per boat would total £710, leaving a surplus of £238 from which to pay divers' wages and extract profits.²⁸ But if these figures are adjusted in line with the actual value of pearlshell in 1902 of £139 per ton, receipts per boat would only amount to £606. If we then deduct running costs, as stated above, and diver's wages at £30 per ton (which was quoted by many as the minimum wage acceptable to whites) the profit margin would be very small indeed.

In the absence of any satisfactory information as regards actual profits,²⁹ Dashwood concluded that the industry probably 'could afford to employ white divers at a remuneration up to £30 a ton—if the present price of shell continues'³⁰ but that it was not practicable to employ white crews. Not only were the conditions of employment such as to make the life extremely unattractive to whites, but the associated costs would be prohibitive:³¹

With a substantial advance on the current rate of wages, an improved scale of provisions and better accommodation, it is possible, notwithstanding the nature of the life, men might be obtained to undertake the work; but, with such an increase in the working expenses, I am satisfied, after a very careful consideration of the figures, that the trade could not be profitably carried on.

Dashwood was much more definite on the question of Merauke. Although the floating-station owners were 'quite satisfied as to its suitability and practicability as a base for the shelling industry . . . [to which they would go] to prevent ruin, which the proposed Immigration Restriction Act would effect',³² Dashwood could see 'little prospect indeed of the removal of any part of the pearlshelling trade from Thursday Island to that Settlement'.³³ Merauke was without fresh water, communications or modern banking facilities. It possessed a bar harbour that could only be entered at certain states of the tide; Dashwood himself experienced a twenty-four hour delay before his steam launch could safely enter the port. In addition, the settlement was 140 miles distant from the centre of the pearling grounds and the pearling luggers would have to beat up that whole distance against a strong south-east wind. In view of these difficulties he felt it would be more expensive to work from Merauke with the cheapest of coloured labour than to remain at Thursday Island under existing arrangements.³⁴

At the same time as Dashwood was making his inquiries, M. Warton, the Resident Magistrate at Broome, was conducting a similar investigation into the shelling trade in the north-west of Australia. It is not necessary to detail the whole of Warton's findings but, as they were equally significant from the point of view of future Commonwealth action, a few points are worth noting. Warton concluded that 'the general effect of regulations making the use of white labour only compulsory would be to make it impossible for the British vessels to carry on the trade at a profit at all'.³⁵ His estimates showed that the cost of production in ordinary seasons and for average takes would be greater than the value of the article produced. For example, Warton estimated that to raise four tons of pearlshell, valued at

£150 per ton (the current average), would cost £127 per ton using coloured labour and £191 per ton using white labour.³⁶ Warton also felt that great difficulty would be experienced in getting a sufficient number of suitable whites to work the trade, particularly as the Immigration Restriction Act prevented the importation of persons—even British or European—under arrangement (such as indenture) for manual labour. This meant that it was not possible to augment the local labour supply with British and Scandinavian seamen as was sometimes suggested. Finally, in addition to the climatic and physical objections to employing white labour, Warton felt that the industry was almost certain to fall into the hands of foreigners if the restrictive regulations were enforced, as the British vessels to which they would alone apply would be severely handicapped.³⁷

As both Commissioners were agreed that the shelling industry could not possibly be continued on the basis of white labour alone, steps were immediately taken to introduce a more permanent arrangement for the importation of alien divers and crew. Late in 1902 a new system was introduced under which Asians with approved passports were granted admission for short terms under certain strict conditions. They could not enter the Commonwealth except for the purpose of being signed on; they could not engage in shore work not connected with the luggers and they were to be repatriated, at their employer's expense, as soon as their contracts expired. Responsibility for compliance with these regulations rested with the shellers, who were required to enter a bond of £100 for each man imported.³⁸ Three years later the Senate approved a resolution for the cessation of the importation of coloured labour for the shelling industry, 'except to replace existing crews, but so as not to increase the number of Asiatics now employed'.³⁹ The Department of External Affairs adopted this principle as a general guide for issuing permits and this system has remained the basis of Asian employment in the shelling industry until this day.

Clearly, the special treatment granted to the shelling industry under the Immigration Restriction Act owed much to economic considerations. Detailed investigations had shown that a complete conversion to white labour was not economically viable. Evidence which purported to show the feasibility of employing white divers and tenders was based exclusively on the inflated shell prices of the early twentieth century—prices which proved to be an unreliable guide to future returns. As a luxury commodity subject to changing fashions, shell continued to fluctuate dramatically in value. Experience had shown that even the highest rates of remuneration that could be offered were not sufficient to attract an appropriate supply of white labour. In addition, neither state nor federal governments were prepared to commit themselves to an expensive bonus system to assist a transition to white labour, given the industry's limited revenue earnings and the unknown but potentially high cost of such a scheme.⁴⁰ Finally, despite Dashwood's assurances, fears remained that the imposition of restrictive labour regulations would lead to the establishment of a foreign base of operations and the consequent loss of a valuable domestic industry.⁴¹

These considerations remained the basis of the shelling industry's continued

exemption from the provisions of the Immigration Restriction Act, but it is important to note that once it was recognised that the industry could not afford to employ white crews, arguments of a more racist character were often used to supplement the economic objections to employing white labour. This is particularly evident in the report presented by N. Lockyer to the Minister for External Affairs in August 1904. Lockyer's investigations into the shelling trade at Thursday Island reiterated exactly the earlier findings of Judge Dashwood on the question of the industry's ability to employ European labour. But though he believed that shellers could well afford to engage white divers and tenders, Lockyer concluded that 'the labour in connexion with the pearling industry, whether that of diver, tender or crew, is not suitable for white men'⁴² (emphasis added).

This decision was based on two considerations. Firstly, the nature of the occupation was such as to cause grave injury to health and risk to life. The more serious results of diving, even in shallow water, included interference with circulation, general strain, rheumatism, deafness and troubles with urinary organs. Medical officers stated that 'the average life of usefulness of a diver may safely be taken as eight years'.⁴³ In all, 56 divers had died from accidents resulting from their calling between 1898 and 1903, an average of nearly 3 per cent of the number of divers employed.⁴⁴ Lockyer had no desire to subject white men to such dangers. In addition, he expressed concern over the 'constant and inevitable association' of white divers and tenders with the alien crews if only a partial transition to white labour was effected. Lockyer felt that the cramped conditions on the luggers would make it almost impossible for the white men to lead a separate existence, 'and if this feature is not an insurmountable hindrance, it is certainly a source of discomfort'.⁴⁵ Hence he concluded that no amount of remuneration would be 'sufficient to recompense a white man for the risk he may incur to his life, the injury to his health and the monotonous and unsatisfactory conditions under which he will have to live'.⁴⁶

It is thus evident that administrative developments with respect to the shelling industry strongly reflected the policy objectives of White Australia. The question of alien competition with white labour in shelling activities did not really exist once it was recognised that the industry could not be carried on at all without coloured labour. The permit system, under which Asians obtained entry to work in shelling, had been designed in such a way as to confine their employment to this industry alone; under no circumstances were they to compete with whites for work in other sections of the economy. The same system, with its stringent conditions of repatriation and segregation, ensured the least possible danger of 'racial contamination'. It further permitted the settlement and development of the northern parts of the continent by coloured workers, under white supervision, and the supposed creation of a barrier against potential aggressors. Finally, these arrangements reflected the feeling that, in the case of shelling, the most effective way to protect the living standards of Australian workers was to permit the continued employment of coloured aliens in this difficult and dangerous occupation. It remained to convince those who equated a programme of

total alien exclusion with a successful White Australia policy that the overall aims of that policy were not endangered by the employment of coloured labour on the shelling fleets.

1906-10

The achievements of the Queensland shellers during the previous decade were quite remarkable. In an atmosphere of intense anti-coloured feeling, they succeeded in the 1890s in gaining protection from the competition of an alien capitalist class whilst, at the same time, securing unrestricted access to cheap Asian labour. With the passing of the Immigration Restriction Act in 1901 it seemed certain that the industry would be forced to abandon its current labour practices, but within a few years the shellers not only convinced the Commonwealth that a transition to white labour could not be effected but won approval for the continued introduction of indentured coloured labour. This was a concession of which no other Australian industry could boast. Initial satisfaction with this solution to the industry's problems soon turned to dismay, however, as the shellers realised that whilst the employment of cheap, coloured labour had made it possible to continue shelling profitably in the short term, in the long term it tended to obscure deep-seated structural problems within the industry, which by 1908 could no longer be ignored.

In that year, alarm over the serious diminution in the take of shell and in the price obtainable for the diminished output prompted many of those engaged in the fishery to appeal again to the government for assistance. A number of factors had contributed to this development. The high price demanded for pearlshell in the early part of the century had encouraged the use of numerous cheap substitutes, with the result that shell prices dropped considerably.⁴⁷ Although, in 1905, an association of Queensland, West Australian and Aru Island shellers had been formed in London, in an effort to secure a regional reserve price, it proved unable to advance returns much beyond the cost of production.⁴⁸ During the same period the price of pearls fell to such an extent that they were almost unsaleable. In addition, despite some improvement in both the total take of shell and the average catch per boat in 1907, the bulk of evidence seemed to indicate that the fishing grounds had been seriously depleted in recent years. There were many causes. Shellers had shown a general disregard of the possibility of the beds becoming exhausted, since the prevailing belief was that the supply of pearlshell was inexhaustible. The introduction of floating stations had permitted more thorough and systematic working of the beds but there had been no attempt to enforce the periodic closure of the fishing grounds, with the object of maintaining a steady supply of shell. Furthermore, apart from a brief interlude in the early 1890s, the number of vessels engaged in the industry had tended to be excessive. Finally, the reduction in the size limit of exportable shell from six to five inches in 1896 was regarded by many as a retrograde step, as the weight of scientific evidence seemed to indicate that the smaller shell had not yet reached maturity.⁴⁹ Clearly some immediate

action was needed to place the industry on a more permanent and profitable basis.

TABLE I: TOTAL AND AVERAGE TAKE OF SHELL PER BOAT EMPLOYED

Year	No. of boats	Total take Tons	Av. take per boat			Av. value per ton			Total value £
			Tons	cwt	qrs	£	s	d	
1890	92	632	6	17	1	102	0	0	64 666
1891	126	769	6	2	0	102	0	0	78 841
1892	190	931	4	18	0	97	0	0	92 598
1893	210	1214	5	15	2	87	0	0	106 564
1894	203	1190	5	17	1	79	0	0	94 350
1895	204	873	4	5	3	80	0	0	71 708
1896	207	1089	5	4	3	87	0	0	94 836
1897	223	1223	5	14	2	103	0	0	126 042
1898	307	1061	3	10	0	103	0	0	109 401
1899	319	1200	3	15	1	109	0	0	130 105
1900	341	1060	3	2	1	110	10	0	125 294
1901	331	867	2	15	3	119	0	0	105 403
1902	276	910	3	5	3	139	0	0	—
1903	311	908	3	0	1	179	0	0	—
1904	353	777	2	4	0	138	10	0	107 434
1905	348	527	1	10	0	118	10	0	62 386
1906	125	444	3	11	0	110	0	0	47 061
1907	135	567	4	4	0	122	9	0	70 513
1908	129	414	3	4	1	140	0	0	57 960
1909	135	501	3	14	1	140	0	0	70 140
1910	141	571	4	1	0	145	0	0	82 795
1911	136	444	3	5	1	185	0	0	82 410

Note: The average take for 1905 is of no value, as 109 boats left for the Aru Islands at different times during the year. Column 4 is also slightly misleading as the average value per ton has been taken as the declared value to the Customs at the time of shipment, although in reality the shell often realised considerably more in the London market.

Source: R.C. 1908, pp. XLIX, 274; Evidence, R.C. 1913-16, p. 192.

Early in 1908 the Sub-Collector of Customs at Thursday Island was instructed not to issue any further licences under the Pearlshell Act after 31 May,⁵⁰ but the State government seemed reluctant to go any further. However, it responded to a suggestion by Douglas, the member for Cook, for a full investigation into the industry, with a view to subsequent action.⁵¹ Accordingly a Royal Commission, chaired by Captain John Mackay, was appointed in May 1908 to inquire into the workings of the industry; H. Douglas and G. Bennett assisted Mackay. Although the principal tasks of the Commission were to find the best means of working the industry in such a way as to avoid depletion and make it permanent and regular, and to re-examine the possibility of scientific cultivation of the pearl-shell, it was also asked to report on the possibility of 'encouraging white divers with a view to their gradual substitution for Aliens in that capacity'.⁵²

There were a number of reasons for this re-opening of the long debate on the question of the industry's ability to employ European labour. Firstly, criticism of the industry's dependence on indentured, coloured labour continued to be heard from those who believed that the practice violated the

principle of White Australia. Secondly, the discovery that the Japanese alone (791 persons) outnumbered Europeans (656 persons) in the Prince of Wales group in 1907 was noted with alarm at a time when Australian publicists were writing of the undefended and unpopulated north as the Achilles heel of the continent. In the words of the Commissioners: 'Steps should be taken to reduce this vast preponderance of aliens, and to have this outpost guarded by a hardy population of loyal and patriotic Australians'.⁵³

In addition to these defence considerations it was considered desirable, for economic reasons, to conserve the industry for Australians. The Commissioners observed the air of general depression in European retail stores at Thursday Island, caused, it was said, by the Asiatic employees' tendency to import their own national foods and to send or take their earnings to their own countries upon repatriation.⁵⁴ At the same time, shellers expressed concern over the current Japanese monopoly in diving (164 of the 165 divers' licences were held by Japanese in 1908), particularly given their recent experience of Japanese strike action to obtain improved pay and conditions.⁵⁵ Finally, as the Commission was charged with the task of devising a comprehensive scheme for the reconstruction of the industry, it was hoped that this could provide a new basis for European employment in shelling, and render obsolete many of the old objections to white labour. The Commissioners' task was thus to develop a scheme which 'will render the prosecution of the industry more attractive and congenial to our own race and to Europeans generally, and will conserve for them an avenue of productive enterprise which is now largely despoiled by Japanese and other alien races'.⁵⁶

The report they eventually tabled in August 1908 was based on the most detailed and thorough investigation of the Queensland shelling industry ever conducted. In all, 282 pages of evidence were taken from 78 witnesses in twelve different centres, stretching from Brisbane to Darnley Island. Although the great majority of the witnesses examined were directly interested in one or both of the pearlshell and *bêche-de-mer* industries, evidence was also taken from a number of local merchants, government officials, Japanese spokesmen, missionaries and journalists. Despite the exhaustive nature of the evidence collected, it is not necessary to analyse it in any great detail. Not only did it contain little that had not already been amply considered in previous inquiries but it brought no response at all from the State or Federal Parliaments.

It need only be noted that by this time almost all those connected with the industry were agreed on the need for some form of state assistance to place the industry on a more secure footing, even though there was substantial disagreement as to the detail. Suggestions ranged from the payment of a bonus of £100 per ton on shell raised by white labour to the straight-out purchase of the entire shelling fleet by the government and the subsequent resale of the boats to small, white entrepreneurs.⁵⁷ At the same time, if the owners were now generally willing to admit the 'desirability' of employing white labour, the great majority still believed that no amount of assistance

could alter the industry's dependence on cheap, coloured labour. With over forty years experience in the industry, Frank Jardine declared that 'there is as much chance of the pearl-shell industry being worked by white labour as there is of the Queensland Parliament being run by a black man'.⁵⁸

In order to understand the failure of this fourth attempt to effect a transition to white labour, it is necessary to examine the Commissioners' three-part programme of reconstruction. As the main cause of the industry's depression seemed to lie in the unchecked depletion of the beds, the Commissioners recommended immediate remedial action to ensure a stable and permanent supply of shell. To prevent further depletion of the beds, it was suggested that there should be no increase in the number of vessels licensed for shelling unless investigation could show that the supply of pearlshell had been augmented. But to avoid creating a monopoly in favour of existing owners, and to encourage men of small means into the industry, it was recommended that no individual or company be allowed to obtain a beneficial interest in more than five boats, or obtain more than five licences.⁵⁹ The number of divers' licences could exceed the number of boat licences, to meet cases of sickness and accident, but by no more than 25 per cent. The re-introduction of the floating-station system was to be rendered impossible by refusing to license any vessel over 25 tons.⁶⁰ Deep-water areas in the vicinity of Darnley and Mount Adolphus Islands, which were considered important areas of spat dissemination, were to be permanently closed and all remaining beds were to be periodically rested. Any such closures were to be rigidly enforced by patrolling officers with full powers to deal with poachers and trespassers. Finally, to increase the number of oysters of a reproductive age, the six-inch size limit was to be restored.⁶¹

In addition to these measures to prevent depletion of the natural supply of pearlshell, the Commission recommended a programme to encourage the scientific cultivation of the pearl oyster. Experiments begun in February 1908 had offered some hope that cultivation in shallow waters would become the system of the future. But as the expense, and the uncertainty of success, had hitherto deterred private individuals from engaging in the experiment, it was suggested that the government immediately secure the services of a thoroughly competent marine biologist, who could research all aspects of artificial cultivation. Students could then receive instruction in the new technology at a School of Marine Biology, under his direction. Portions of the foreshores in the Torres Strait and along the east coast as far south as Cape Melville could be reserved for the purpose of cultivation by Europeans and thrown open to selection under lease, on liberal terms as regards rental, and for periods of not less than twenty-one years. Statutory reform was also recommended to remove existing difficulties in relation to trespass and larceny on cultivation sites.⁶²

It was felt that these two programmes would provide a satisfactory basis for the re-introduction of white divers in the Torres Strait. The first would ensure a stable and permanent supply of shell that would enable white divers to secure a take sufficient to make reasonable earnings.⁶³ Those who obtained their own boats, under the new licence regulations, could expect

to make at least £200 per annum, exclusive of what they might realise on pearls. In addition, cultivation in shallow water would eliminate much of the tedium and many of the financial and physical risks of shelling, and promote the settlement and development of the islands by white men working from the shore.⁶⁴

In the light of these possibilities the Commissioners proposed that the present restriction on the number of divers' licences be removed so far as to permit of licences being granted to white men, but that no further licences be issued to alien divers. Over a period of five years a sufficient number of new recruits should pass through a newly established Training School for White Divers to meet all the industry's labour requirements. In the event of a shortage of Australian recruits, efforts could be made to attract British, Scandinavian and New Zealand seamen. While it was hoped that these measures would facilitate the introduction of white divers and tenders, the Commissioners recognised that the current rate of crew wages of £1 to £2 a month was unlikely to be increased, or to attract sufficient white labour to man the boats. Hence they could see no reason why the Papuans and Torres Strait Islanders, who had already demonstrated their 'special aptitudes in the handling of the vessels' and who possessed 'certain natural rights of employment' in the fisheries, should not be 'continued in these capacities'.⁶⁵

It is perhaps not surprising that no action was taken to enforce these recommendations. Although a Bill on these lines was prepared by the Queensland Treasury department, it was never submitted to parliament. William Fowles, Secretary to the Treasury, cited the cost and the belief that it was 'not possible to carry out some of the recommendations' as the main reasons for not proceeding with the Bill.⁶⁶ Given the industry's limited contribution to government revenue, it was considered unwise to pour state funds into research and training programmes that offered no certainty of success, or to lay out sums for the purchase of a patrolling fleet to enforce the closure of fishing grounds in areas where the state's jurisdiction was open to considerable dispute. Nor had the Commissioners been able to suggest any practical course to encourage new entrants into the industry, once the limit on the number of boat licences was enforced. Existing owners of more than five boats could not be expected to part with their property so easily, especially since experience had shown that the smaller operations were the most uneconomic.⁶⁸ Furthermore, whilst the rejection of these recommendations to prevent the depletion, and encourage the cultivation, of pearlshell, seriously undermined the basis for a reintroduction of white divers, Mackay later discovered that there was no basis for the belief that a sufficient supply of white divers could be obtained from the fishing population of northern Europe.⁶⁹

I found that the suggestion for these men to come out to the Torres Strait to get pearlshell was treated with scorn, because the men there were earning much better money under far more comfortable conditions.

Quite apart from these problems, a final stumbling block to the reconstruction of the Queensland shelling industry lay in the division of state/federal powers. As the Commonwealth controlled the importation of

labour, while the State Government held all powers with respect to licences, regulations in regard to fishing grounds and other matters of a local character, there was some difficulty in co-ordinating legislation affecting the industry. At least one sheller suggested that a further reason for the Queensland government's reluctance to reform the shelling industry lay in the growing uncertainty over the possibility of the federal government assuming full control in this area. Indeed, in 1913 it was recommended to the federal Labor government that the Queensland government cede to the Commonwealth the whole of the islands and reefs of the Torres Strait, under Section 111 of the Constitution.⁷⁰

By the adoption of this course the industry would at once be removed from the Queensland government control, and the Commonwealth Parliament would become responsible to Australia for the initiation, and the subsequent administration, of the policy calculated to place an important Australian industry entirely in the hands of our own people.

The Commonwealth in fact resumed responsibility for the future direction of the Queensland shelling industry. Despite overwhelming evidence to the effect that the employment of cheap, coloured labour was essential to maintain the industry in its present economic structure—a structure which could not be altered without considerable financial and technical assistance—the incoming federal Labor government of 1910 lost no time in taking 'some definite steps . . . to give the benefit of labour in that industry to people of our own race'.⁷¹ It remains only to analyse its failure to do so.

1911-18

In April 1910, Queensland shellers had no special reason to fear that the new Commonwealth Labor government would be any more willing, or able, to divest the industry of its coloured labour force than were its predecessors. Some years earlier, the Labor Party had responded favourably to Senator Staniforth Smith's suggestion that 'our "White Australia" policy is not endangered by the employment of coloured crews on the pearling fleets; provided the Acts and regulations in existence are firmly and strictly administered',⁷² by officially declaring its intention not to alter existing arrangements.⁷³ In addition, numerous investigations into the industry had achieved little more than to demonstrate the many practical problems in the way of such an attempt. Queensland shellers were thus shocked to learn, in January 1911, of the Minister for External Affairs' decision not to issue any further permits for the introduction of Asian labour after 31 December 1912, except in cases where the diver and tender of a boat were European.⁷⁴ Shellers protested bitterly, but succeeded only in obtaining an extension to December 1913, and again to December 1914, in order that the government might have the benefit of a further report on the industry.⁷⁵ On the occasion of this inquiry some of the most tireless critics of coloured labour were to learn that the achievement of the aims of White Australia did not necessarily depend on the blanket exclusion of all coloured aliens.

It is not difficult to explain the Labor Party's change of attitude towards

the shelling industry. As Professor Yarwood has noted, the Parliamentary Labor Party had always represented Australian political opinion on the question of White Australia 'in its most emphatic and uncompromising form'. When out of office, 'they probed administrative deficiencies and drew attention to loopholes in the law through which a number of Asians had gained admission'.⁷⁶ For ten years, sections of the party had constantly questioned the sincerity and efficiency of the administration that permitted the continued exemption of coloured labour for the shelling fleets.⁷⁷ By 1910, they had managed to convince the party's leaders that as long as permits for coloured labour continued to be granted, it would not be possible for white men to gain control of the industry. It is also probable that the recent boom in the shelling industry encouraged those who sought a transition to white labour to believe that it was now quite possible to implement their plans.

Between 1908 and 1911, European demand for shell improved to such an extent that the average price of shell rose from £140 per ton to £185 per ton. Although most shellers stated that their profit rate in recent years was approximately 10 per cent,⁷⁸ official estimates showed that the percentage of profit in the total value of shell raised at Thursday Island rose from 12.1 per cent in 1908 to 34.7 per cent in 1911. Due to the tight labour market,⁷⁹ most employees received some benefit from these improvements. Divers currently received a standard 'lay' of £85 per ton, with additional bonuses for larger takes and clean shell.⁸⁰ Tenders averaged £48 per annum and crew wages varied from 30 shillings to 50 shillings a month, depending on the man's country of origin.⁸¹

TABLE II: VALUE PROFIT AND EXPENSES OF SHELL PRODUCTION

Year	Total value of shell £	Total expenses £	Profit £	Percentage of profit £
1907	69 429	64 630	4 799	6.8
1908	57 960	50 918	7 042	12.1
1909	70 140	58 688	11 452	16.3
1910	82 795	65 048	17 747	21.4
1911	82 140	53 655	28 485	34.7

Source: *Evidence, R.C. 1913-16*, p. 192.

Nevertheless, the many recent investigations into the industry and the longstanding threat of legislative change had given rise to a great deal of uncertainty and unrest on the part of the shellers, which affected the industry adversely. A small group of shellers had taken plant worth approximately £80 000 and probably a further capital of £20 000, away from Thursday Island in 1905 to engage in fishing in foreign waters.⁸² In 1907, business confidence was at its lowest ebb for over a decade and was only just beginning to recover when news reached Thursday Island of the government's

plans to alter drastically the permit system. In the circumstances, shellers were not only reluctant to inject new capital into the industry, but many abandoned their usual practice of giving extended orders for shelling equipment, in the belief that adverse legislation would soon bring the industry to a halt and leave them with large stocks of unsaleable equipment.⁸³

In view of these difficulties, the Torres Strait Pearl-Shellers' Association appealed to the Commonwealth in November 1910, and again in February 1911, for a more moderate approach to the whole labour question. They stressed the disruptive impact of 'immediate substantial changes' and suggested an alternative scheme whereby the Commonwealth would provide a bonus of £25 per ton to white divers as well as assistance with the establishment of a training school for white divers and the recruitment of European labour. When these proposals, and subsequent appeals to the state government for assistance to avert 'the downfall of this port', were ignored,⁸⁴ the shellers could do little more than await the opportunity of a fifth Royal Commission to repeat their former arguments.

They did not wait long. In April 1912, Prime Minister Andrew Fisher appointed a six-man Commission to investigate conditions in the shelling industry throughout the Commonwealth, particularly with a view to ascertaining the best means to encourage the employment of white labour on the boats. F.W. Bamford, one of the most outspoken critics of the industry's use of indentured, coloured labour, was given the task of Chairman. Initial hopes for a speedy solution to the industry's problems were, however, soon destroyed by the frequent changes of government and the outbreak of world war. As the recommendations of the Progress Report presented in October 1913 were subsequently reversed in the Final Report of July 1916, it will be useful to analyse them separately.

The initial results of this investigation were perhaps not unexpected. Of the 48 witnesses examined by 1913, most of whom were Queenslanders, only 4 favoured the unconditional reintroduction of white labour; 10 witnesses felt that it could be achieved with some form of state assistance; 19 witnesses were either opposed to the idea in principle or felt that it was totally impractical, and the remaining 15 witnesses expressed no opinion on the subject. Few of their arguments had not been heard before.

Although Cohen, the local secretary of the Waterside Workers Union, enthusiastically asserted that 'white divers and tenders are both able and competent, and are easily procurable for the industry . . . we number a good few divers and tenders amongst our members',⁸⁵ close questioning by the Commissioners revealed that he knew of only two white men who were actually available to replace the several hundred alien divers, if permits were suddenly stopped. Furthermore, a number of recent appeals for trained white labour, widely advertised in the southern states and in New Zealand, had not resulted in a single new recruit for the industry. Shellers recognised that part of the problem lay in the ready availability of 'more attractive and congenial work on land for any of our people who may be seeking employment'.⁸⁶ Indeed in 1910, the Government Resident at Thursday Island, Mr Milman, concluded that 'owing to the hardships of life on board these

small boats . . . no white men worth their salt will be procurable to work on these frail and most uncomfortable vessels'.⁸⁷

Recent experience with white labour tended to confirm this belief. One sheller who had employed 3 different white divers in 1911 found that, at the end of their terms, their combined take was only slightly above the individual takes of some of his Japanese divers. As this sheller was forced to write off bad debts totalling £332 in respect of the three white divers, he was extremely reluctant to continue his experiments with European labour.⁸⁸

In addition to the problems of the general non-availability of trained white labour and the unsatisfactory performance that was typical of the industry's few white recruits, shellers continued to stress the economic obstacles to the introduction of European labour. Under no circumstances could the industry afford to employ white crews at the suggested rate of £7 10s a month—the rate of wages paid to seamen on the coastal steamers.⁸⁹ Nor could shellers guarantee that the high rate of wages currently paid to divers would be maintained in future years, given their inability to control price fluctuations. As Joseph Mitchell, the local manager of Burns, Philp & Co., put it:⁹⁰

. . . the cost of production, on the average, would exceed the earning power. It would not be right, in forming an estimate, to have regard only to the return in respect of one or two years. High prices might prevail for a year or two, but speculators in London manipulate the market and secure, at their pleasure, high prices or low prices.

At the same time, government authorities still had no power to prevent the loss of the greater part of the trade to foreign vessels working outside the three mile limit, if the restrictive regulations were enforced.

While the government should have already been aware of most of these problems, it had not yet heard a great deal about the issue which eventually became the most decisive factor in the whole debate, i.e. the extraordinary human cost involved in shelling. As steady depletion of the shell forced divers into deeper and deeper water to maintain their output, the risks and the death-toll mounted.⁹¹ Between 1906 and 1911, diving accidents in the Torres Strait claimed 72 lives.⁹² To put this into perspective, whilst the general death rate in Queensland remained at approximately 1 per cent per annum,⁹³ the death-rate amongst Torres Strait divers rose from nearly 3 per cent in 1903 to a little over 11 per cent in 1911.⁹⁴ One company that engaged exclusively in deep water diving lost 7 of its 26 divers in 1911, or approximately 27 per cent.⁹⁵ Divers' paralysis continued to be the major cause of death, but the recently-introduced practice of suspending the diver in tow lines while the boat drifted with the tide, instead of the diver searching on foot for the increasingly scarce deposits of shell, led to a sharp increase in the number of accidents resulting from fouled lines and broken air-pipes. It is also worth noting that a further 50 divers (and an unknown number of crew members) died from beri-beri in the six-year period 1906-11.⁹⁶ As boat provisions rarely contained the fresh fruit and vegetables essential to combat this vitamin deficiency disease, these deaths were also, in a sense, work-related.

These figures only touch the surface of the divers' problems. G. Bennett, a member of the 1908 Royal Commission, later wrote that:⁹⁷

. . . the limit of a pearlshell divers' working life is from five to seven years, and then he too often retires with a legacy of paralysis, rheumatism, or pulmonary disease which materially shortens his life, and too often leaves him a mental and physical wreck.

Nor could divers expect to obtain any financial compensation for their injuries. Although shellers were generally careful to insure themselves against the loss of their boats, not one of their employees was covered under the Queensland Workmens' Compensation Act or the Commonwealth Seamen's Compensation Act.⁹⁸

In a nation instilled with the importance of White Australia 'as a necessary condition of a high standard of living for the working classes . . . but (where) the promise and the material well-being were reserved for white men',⁹⁹ there could only be one response to this situation. To use the words of a local Customs official:¹⁰⁰

I should not like to see white men entering an industry in connexion with which the death-rate is so frightfully high . . . Such a high death-rate as that to which I have referred as relating to coloured divers would be cruel in the case of white men.

Shellers could not stress too strongly their belief that it was 'inadvisable to send white men to the depths that a Japanese will go'.¹⁰¹ Reginald Hockings stated:¹⁰²

The high rate of mortality is one of the reasons why I am not in favour of forcing white divers into the industry . . . but if it be the will of the people that more whites shall enter this industry, let it be determined that they should engage in work other than diving; let them become boat-owners, men in charge, tenders or managers.

Lest any doubts remain as to whether these men were motivated by humanitarian rather than racist considerations, it is worth quoting a final excerpt from the evidence:¹⁰³

Senator Givens: If the life is so awfully bad, and the hardships so great, would it be any more Christian to subject the coloured races to it than to subject the white race?

John Mackay: To the natives I speak of, the sea is their playground.

Givens: But diving . . . does not suggest much of a playground?

Mackay: . . . the Japanese is a fatalist, and does not care.

The determination of the original team of Commissioners to abolish the importation of indentured, coloured labour initially blinded them to the significance of these remarks. Indeed, the recommendations of the Progress Report suggest that the Commissioners not only ignored the greater part of the evidence they had collected, but that they had learnt nothing from the shelving of Mackay's earlier report. Despite the obvious difficulty, if not impossibility, of implementing Mackay's 'programme of reconstruction' (difficulties which Bamford had been well informed about), Bamford's first set of recommendations repeated verbatim the first part of Mackay's

programme, dealing with the preservation of the beds, and largely reiterated parts two and three, dealing with cultivation and the introduction of European labour. Recognising that the Commonwealth did not have the power to implement most of these proposals, he added only a recommendation for the cession of the Torres Strait to the Commonwealth (referred to earlier)—a proposal which no-one outside the Commission seriously entertained.¹⁰⁴

The real reasons for the non-implementation of these recommendations do not bear repeating. This scheme to encourage a transition to white labour was already sufficiently bankrupt to invite rejection before Parliament was suddenly thrown headlong into preparations for war. The collapse of the European market for shell at the outbreak of the war, and the consequent complete disorganisation of the Australian shelling industry, did however result in a decision to suspend the investigation until the termination of hostilities. In the meantime, the Government extended the time during which permits for the introduction of Asian labour might be issued, making the issue permissible up to 30 June 1918, after which date permits for Asian labour were only to be granted to shellers who employed European divers and tenders.

This determination created much alarm amongst those engaged in the industry, and representations were made to the Minister for External Affairs to the effect that the shellers were so deeply interested in the question of indentured labour, that general relief would be felt if it were at once decided whether or not the Government intended to adhere to its decision in regard to the issue of permits. In the light of this demand, and as the industry had regained some of its former buoyancy by April 1916, the Commission was instructed to resume its inquiries and furnish a Final Report, as originally designed. Three months later, the new team of Commissioners tabled the report which finally closed this long and contentious debate.¹⁰⁵

Since presenting the Progress Report, the opinion of the Commissioners had undergone a change of considerable importance, particularly in regard to the labour question. Having carefully weighed the evidence and noted the conditions under which the industry was conducted, they decided that 'diving for shell is not an occupation which our workers should be encouraged to undertake'.¹⁰⁶ This decision was based on a number of considerations.

A recent experiment, in which nine white divers and three white tenders were brought to Western Australia under twelve-month agreements, had proved a dismal failure. Although these men were all competent divers, having been recruited from the British Admiralty, they were not successful in obtaining shell. The result of this small experiment with white labour was that one diver died from paralysis, another was badly paralysed and the contracts of the remaining divers were broken by mutual consent. In the circumstances, the Commissioners were at last inclined to accept the shellers' claims that white divers 'were not possessed of some special faculty which enabled the Asiatic diver to discover shell on the ocean bottom'.¹⁰⁷

By 1916, the Commission had also come to recognise the constraints

imposed by the industry's dependence on an overseas market. In a situation where shell prices could not be controlled locally and where there was a very real danger of competition from cheap substitutes, it was essential to minimize production costs, and hence the labour costs which were the principal component. Any increase in the rate of wages, with a view to attracting white labour, would thus be potentially fatal to the industry. Only by subsidizing the industry by means of a bonus could the wages and conditions be raised sufficiently high to permit the employment of Europeans, but despite the success that had attended the granting of a bonus or bounty for white-grown sugar, the Commission could not support a similar arrangement for the shelling industry.¹⁰⁸ Indeed it could see no analogy between the conditions under which the two industries were prosecuted.

Unlike the case of sugar, which was a basic commodity, the demand for pearlshell fluctuated in accordance with the caprice of fashion in a luxury market that was largely controlled by a handful of speculators, with the result that shell prices often bore no relation to the cost of production. At the same time, the non-existence of a local market for shell meant that it was not possible to finance the cost of a bounty out of revenue collected from excise duties imposed on locally-consumed shell, as had been done in the case of sugar. Furthermore, labour conditions in the two industries were entirely different. The men engaged in the Queensland sugar industry enjoyed social conditions that were quite impossible to reproduce in the shelling industry. The living conditions of the sugar workers were controlled by Act of Parliament; their pay was fixed by a Wages Board and their working conditions defended by a powerful union. It must also be recognised that, unlike the shelling industry, European labour was always available and offering for work in the cane-fields, although for a time it had not been acceptable because of its high cost as compared with South Sea Islanders.¹⁰⁹

A recent paper by A.A. Graves suggests that the changeover from plantations to farm-based central milling that began in the mid-1890s, and the consequent displacement of the Kanaka labour force by a white population, was the direct result of an economic reconstruction that 'was forced on the Queensland sugar industry by its inability to cope with rising costs in the face of falling sugar prices'.¹¹⁰ The conditions forced on the planters by the Kanaka labour Acts raised the cost of indentured Kanaka labour by more than 50 per cent between 1883 and 1889,¹¹¹ with the result that the plantation system became much less profitable than before. In the case of shelling, the industry could not survive without continued access to cheap, coloured labour. Moreover, quite apart from economic and technological constraints, Queensland shellers did not have the political weight, nor their industry the economic significance, to demand the high level of financial assistance required to reconstruct the industry on the basis of small-scale operations by white owner-divers.

As a result, the Government was left with only two options in regard to this industry, in terms of the practical application of the White Australia policy. It could either prohibit the entry of coloured aliens altogether, or it could continue to control and regulate the introduction of a limited supply

of coloured labour, through the mechanism of the permit system, in a manner consistent with the aims of White Australia. The first choice would almost certainly have resulted in the destruction of a local industry which, if not large, at least generated a modest revenue and export income.

The second arrangement, and the one that was adopted by Parliament,¹¹² had much more to recommend it. It entailed no disruption to the utilization of valuable Australian resources, whilst it facilitated the existence of an industry that maintained a European population in centres where no other industry was likely to develop.¹¹³ Controls built into the permit system denied Asians the right to compete with whites for work outside the shelling industry, and hence removed the threat of economic competition that might result in the deterioration of the pay and working conditions of Australians. The same system, with its stringent conditions of segregation and repatriation, ensured the least possible danger of 'racial contamination'. Experience had also shown that the presence of large numbers of coloured people in the shelling districts had not had 'a degrading effect on the white section of the community'.¹¹⁴ There had been no upsurge in the consumption of liquor and opiates, or in the level of theft, vice and lawlessness.¹¹⁵ Finally, the adoption of this course was consistent with the belief that, in the case of the shelling industry, the most effective way to protect the living standards of Australian workers was to permit the continued employment of coloured aliens in this unhealthy and unrewarding occupation. To use the Commissioners' words:¹¹⁶

The life is not a desirable one, and the risks are great, as proved by the abnormal death-rate amongst divers and try divers. The work is arduous, the hours long, and the remuneration quite inadequate. Living space is cramped, the food wholly preserved . . . and the life incompatible with that a European is entitled to live.

Australia was thus satisfactorily assured that the economic, social, racial and military aims of the 'White Australia policy will be neither weakened nor imperilled by allowing the pearlshelling industry to continue as at present conducted'.¹¹⁷ Apart from the years 1942-52, when hostilities resulted in the exclusion of Japanese divers, there has been no significant alteration to the permit system that was developed in 1905 to allow the controlled introduction, employment and repatriation of a stable and permanent supply of Asian labour for the shelling fleets.

Conclusion

In all, there were six separate attempts to effect a transition to white labour in the Queensland shelling industry between 1897 and 1916. That none of these attempts was successful must be attributed primarily to the industry's unsound economic position. Chronic overproduction coupled with technological constraints served only to reinforce the industry's tendency towards periodic crisis as prices fluctuated dramatically in accordance with fashion whims and the availability of cheap substitutes in an overseas luxury market. Keen competition made it essential to restrict new

entrants to the industry, particularly small European boat-owners, while white labour was further discouraged by the need to reduce wage costs to a minimum in this labour-intensive industry. These problems were compounded by the state and federal governments' refusal to provide the financial and technical assistance required to place the industry on a more secure footing. Continued access to cheap, coloured labour was thus essential to the industry's survival but this solution to the industry's problems did not become acceptable until Parliament had received the strongest assurances that it would entail no threat to the achievement of the aims of the White Australia policy. The exclusionist approach so prevalent in other industries proved unacceptable and unnecessary in the case of the pearlshelling industry.

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- 8 A. Yarwood, *op.cit.*, pp. 15-18; M. Willard, *History of the White Australia Policy to 1920*, Melbourne, 1923, p. 121.
- 9 No. 17 of 1901, Clause (a) of Section 3. In 1905 this clause was altered to read 'fifty words in any prescribed language'.
- 10 *Commonwealth Debates*, House of Reps., 1 October 1901, p. 5373. Queensland's jurisdiction in territorial waters, i.e. 3 miles from the Queensland coast and 3 miles from any island within the Barrier, was complete but in the case of extra-territorial waters its jurisdiction was limited to British ships only.
- 11 See paragraph (j) of Clause 4. *Comm. Debates*, House of Reps., 27 September 1901, p. 5313.
- 12 *Comm. Debates*, House of Reps., 1 October 1901, p. 5374.
- 13 *ibid.*, pp. 5376-82.
- 14 *ibid.*, 3 October 1901, p. 5583.
- 15 *ibid.*, 23 April 1902, p. 11898.
- 16 *ibid.*, pp. 11896, 11901-4.
- 17 *ibid.*, pp. 11893-904. Between 1 January 1896 and 1 October 1897, 41 Torres Strait divers died as the result of accidents and divers' paralysis. *R.C. 1897*, p. xxxvi.
- 18 Following pressure from local residents these restrictions were removed in 1903. *R.C. 1908*, p. 28.
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- 20 *ibid.*, p. 4.
- 21 *ibid.*
- 22 Divers were paid 1s a month (to bind them on articles) and a lay of £20 to £25 per ton, depending on their ability; tenders received from £4 to £4 10s and crew members from £2 to £2 10s a month. Wages were being held down by an influx of Kanakas from the southern plantations, who sought crew work as a means of avoiding deportation. *ibid.*, pp. 5, 67.

- 23 *ibid.*, p. 5.
 24 *ibid.*, pp. 46-57, 63-4.
 25 *ibid.*, pp. 58-62, 73-4.
 26 *ibid.*, pp. 22-68.
 27 *ibid.*, pp. 20, 72.
 28 *ibid.*, pp. 21-2.
 29 Two witnesses stated that their profits were about six per cent on invested capital; *ibid.*, pp. 10, 21, 62.
 30 *ibid.*, p. 12.
 31 *ibid.*, p. 11. All 11 witnesses questioned at Port Darwin insisted that the industry would be destroyed if the coloured labour force on which they had always exclusively relied was compelled to depart.
 32 *ibid.*, p. 15.
 33 *ibid.*, p. 13.
 34 *ibid.*, pp. 13, 22, 69.
 35 'Report on the Pearl-Shelling Industry in North-West Australia', *Commonwealth Parliamentary Papers*, 1901-2, II, 43, p. 11.
 36 *ibid.*, p. 15. These estimates were made on the basis of a lay of £22 per ton and £2 per month for coloured divers and a lay of £30 per ton for white divers. White tender at £9 per month. Four crew at £7 each.
 37 *ibid.*, pp. 9-11.
 38 *Comm. Debates*, House of Reps., 10 October 1902, p. 16736; *Comm. Debates*, Senate, 2 November 1905, p. 4465; J. Bach, *loc.cit.*, pp. 205-6. The bond was later altered to a maximum of £1000 per employer.
 39 *Comm. Debates*, Senate, 30 November 1905, p. 6043.
 40 *ibid.*, p. 6047.
 41 *ibid.*, p. 6051. In 1905 a fleet of 109 boats left Thursday Island and established a new base of operations in the Dutch Aru Islands but the move was largely unsuccessful.
 42 'Report by Mr N.C. Lockyer Respecting the Employment of White Labour in the Pearl Shelling Industry', August 1904, reprinted in 'Minutes of Evidence of the Progress Report of the Royal Commission on the Pearl-Shelling Industry', *Commonwealth Parliamentary Papers*, 1913, III, 56, p. 191.
 43 *ibid.*, p. 190.
 44 *ibid.*
 45 *ibid.*, p. 191.
 46 *ibid.*
 47 Trochas shell could be obtained for £15-16 per ton at a time when pearl-shell averaged £180 per ton. *R.C. 1908*, p. 31.
 48 *ibid.*, pp. 95, 117; Burns, Philp & Co. Ltd, Minute Book No. 3, 9 February 1905, 16 January 1906.
 49 *R.C. 1908*, p. Lii.
 50 *ibid.*, p. 85.
 51 *Queensland Parliamentary Debates*, Leg. Assem., 14 April 1908, p. 872.
 52 *R.C. 1908*, p. 1.
 53 *ibid.*, p. Lxi.
 54 In the 10 years up to June 1908, a total of £93 315 was remitted from Thursday Island to Japan (*ibid.*, p. 277). In addition, all indentured Papuans were required to be paid off in Daru, on the termination of their contracts (*ibid.*, p. 37).
 55 *ibid.*, pp. Lviii, 265.
 56 *ibid.*, p. 1.
 57 *ibid.*, pp. 5, 72, 136-7.
 58 *ibid.*, p. 230.
 59 In 1906 the average number of vessels per owner was over eighteen. *ibid.*, p. Lv.
 60 The floating station system had been abandoned in 1905.
 61 *R.C. 1908*, pp. Liii-Lvii, Lxxv.
 62 *ibid.*, pp. Lvii-Lxi, Lxxvi.
 63 Divers' earnings currently averaged £120 to £140 a year but it was stated that divers who did not get 3½ tons of shell ended the year in debt (*ibid.*, p. 93).
 64 *ibid.*, p. Lviii.
 65 *ibid.*, pp. Lxi-Lxx, Lxxvi-Lxxvii.
 66 'Minutes of Evidence of the Progress Report of the Royal Commission on the Pearl-Shelling Industry', *Commonwealth Parliamentary Papers*, 1913, III, 56, p. 162. Referred to below as *Evidence, R.C. 1913-16*.
 67 Between 1902 and 1908 the gross revenue collected at Thursday Island fell from £13 220 to £6 028, *ibid.*, p. 37.

- 68 *ibid.*, pp. 164, 176.
 69 *ibid.*, p. 176.
 70 'Progress Report of the Royal Commission on the Pearl-Shelling Industry', *Comm. Parliamentary Papers*, 1913, III, 54, p. xi. Referred to below as *Progress Report, R.C. 1913-16*.
 71 *Evidence, R.C., 1913-16*, p. 182.
 72 *Comm. Debates*, Senate, 2 November 1905, p. 4467.
 73 For policy of the Labor government in 1904, see *ibid.*, p. 4464.
 74 *Evidence, R.C. 1913-16*, p. 182.
 75 *Progress Report, R.C. 1913-16*, p. vii.
 76 A.T. Yarwood, *op.cit.*, pp. 22, 152.
 77 Question of McDonald (Labor), *Comm. Debates*, House of Reps., 18 April 1902, pp. 11, 843-4; motion by Bamford (Labor), *ibid.*, pp. 11, 893-917; question of Mann (Labor), *Queensland Parliamentary Debates*, Leg. Assem., 5 November 1909, p. 54.
 78 *Evidence, R.C. 1913-16*, pp. 47, 66, 78, 107.
 79 In 1912 the Papuan government ordered the cessation of the recruitment of Papuan crews. Shellers attempted to obtain Filipinos instead but found that all available labour in the Philippines was being directed towards the sugar plantations in Hawaii. As the number of permits for Japanese was limited, the Malaysian labour market was the only other avenue still open to shellers but recent experiences left them reluctant to recruit from this area. Six months after the arrival of 91 Malays in November 1911, 14 had died from beri-beri, 26 had been returned to Koepang in a dying condition and 12 were still in hospital suffering from the disease. *ibid.*, pp. 33, 83.
 80 *ibid.*, p. 51.
 81 *ibid.*, pp. 36, 52. It was established practice to rate Thursday Islanders below Asians and Kanakas but above Papuans and Aborigines.
 82 *ibid.*, p. 132.
 83 *ibid.*, p. 49.
 84 *ibid.*, pp. 181-3.
 85 *ibid.*, p. 183.
 86 *ibid.*, p. 130.
 87 *ibid.*, p. 99.
 88 *ibid.*, pp. 72-3.
 89 *Progress Report, R.C. 1913-16*, p. ix.
 90 *Evidence, R.C. 1913-16*, p. 80.
 91 No instructions were given to divers as to where they should fish, and consequently divers selected the locality where, in their own opinion, the take of shell would be greatest, irrespective of the risks involved. The contents of a report issued by the British Admiralty in 1907, showing the safety limit for stoppages at various depths, were well known to divers in Australia but had done little to prevent the taking of extraordinary risks. It is not surprising that divers paid on a piece-rate system ignored safety regulations. A diver working at 34 fathoms, for example, could not safely remain below for more than 12 minutes and required 32 minutes for the ascent. Anyone who had been down in 25 fathoms or more, for a quarter of an hour or less, could not safely go down again on the same day. As divers' paralysis usually struck without pain or warning, many divers risked their lives rather than accept these constraints on their working time. To make matters worse, decompression chambers were unknown in Australia before 1916, when the first was established at Broome. *R.C. 1908*, p. 281.
 92 *Evidence, R.C. 1913-16*, p. 97.
 93 *ibid.*, p. 116.
 94 *ibid.*, p. 97.
 95 *ibid.*, p. 81.
 96 *ibid.*, p. 98.
 97 *ibid.*, p. 177.
 98 *ibid.*, pp. 81-2.
 99 Manning Clark, *A Short History of Australia*, Sydney, 1969, pp. 197-200.
 100 *Evidence, R.C. 1913-16*, p. 36.
 101 *ibid.*, p. 72.
 102 *ibid.*, pp. 97, 131.
 103 *ibid.*, p. 177.
 104 *Progress Report, R.C. 1913-16*, pp. xiv-xv.
 105 Signatories to the Progress Report included F.W. Bamford, T. Givens, H. Mahon, W.E. Johnson and W.J. McWilliams. Givens and Mahon were subsequently replaced by H. Gregory and H. DeLargie. Johnson's position was left vacant.
 106 'Final Report of the Royal Commission on the Pearl-Shelling Industry', *Comm. Parlia-*

- mentary Papers, 1916, V, 326, p. 6. Referred to below as *Final Report, R.C. 1913-16*.
- 107 *ibid.*, p. 3.
- 108 *ibid.*, pp. 7-8.
- 109 *ibid.*, p. 6. *Evidence, R.C. 1913-16*, pp. 30, 158.
- 110 Paper read at Conference of Economic History Society of Australia and New Zealand, 1978. See also A.A. Graves' contribution to this volume of essays, 'The Abolition of the Queensland Labour Trade: Politics or Profits?'
- 111 M. Clark, *op.cit.*, p. 168.
- 112 Permits continued to be issued in accordance with the Senate resolution of 30 November 1905.
- 113 *Final Report, R.C. 1913-16*, p. 7.
- 114 *Evidence, R.C. 1913-16*, p. 25.
- 115 *ibid.*, pp. 25-6; *Final Report, R.C. 1913-16*, p. 4.
- 116 *Final Report, R.C. 1913-16*, p. 6.
- 117 *ibid.*, p. 9.