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SYDNEY STUDIES IN POLITICS: 5

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MARX, ENGELS  
and  
AUSTRALIA

*Henry Mayer*



F. W. CHESHIRE

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FOR THE DEPARTMENT OF GOVERNMENT AND PUBLIC ADMINISTRATION  
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For Bert Andréas

## SYDNEY STUDIES IN POLITICS

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PART II

MARX AND ENGELS ON AUSTRALIA AND  
NEW ZEALAND, 1847-93: A CHRONOLOGY

## Preface

The chronology consists of extracts, translations and summaries of all passages in the works of Marx and Engels which I have been able to trace and which mention Australia and New Zealand by name. Its main use will be as a tool of reference for scholars with diverse interests. Historians may be especially interested in the first proper translation of Marx's article on Eureka, in his views on the future of colonies, on the Irish, on protectionism, and on Robert Lowe. Political scientists may be surprised by Engels's views on federalism. Economic historians will find a good deal of material, ranging from the periodicity of crises to the impact of bullion on Europe. Demographers may find the remarks on emigration of some use.

No principle of selection has been used. This means that there is a good deal of chaff and a fair amount of repetition. But any selection would inevitably have destroyed the purpose of a chronology. Readers will be able to construct their own picture of "Marx on Australia" from the extracts.

In most cases, a discussion of the circumstances under which a passage was written would not throw any light on it. It would have been absurd to attempt to throw any new or general light on Marx's theory through an examination of what are essentially disparate marginalia. Hence I have kept the notes to a minimum, and the Introduction only attempts to touch briefly on one theme in the extracts.

Passages in quotation marks are reproductions or translations, others are summaries. Where the original text was in English, I have gone back to it. German and French texts available in an English translation have been re-translated where necessary. In such cases there may be discrepancies between the standard English translation, usually cited in the source, and my own. Sometimes, especially in the extracts from the *New York Tribune*, Marx's English is clumsy. References to the First International have not been repeated from the previous chapter. Marx's analysis of Wakefield's theory of colonization is too long and well-known for summary. The highly specialized references to Wakefield are treated in a separate note.

There is no complete scholarly edition of the works of Marx and Engels, and the rather spotty but fullest edition of their *Works*, currently appearing in East Germany, is still incomplete at the time of writing. So it is unlikely that the chronology contains all references to Australia, but I believe it to be nearly complete.

I am much indebted to Mr Bert Andréas, of Geneva, both for general advice and for the loan of photostats.

H.M.

## Introduction

Australian economic development after the gold rushes presented a challenge to Marx's system, a system which was derived from a projection of European, and more especially of English, economic development.

Australia was an instance of the spread of, and the new upsurge in, the world market. This market had not been ignored in the programmatic writings of Marx and Engels of the late 1840s. But in spite of their tribute to the world-wide mission of the bourgeoisie they tended to treat the market as something both still in a process of development and, simultaneously, as already established. Had there been no gold discoveries, Australia would have received as little attention in their writings as does New Zealand. But she posed the problem of the effects of gold discoveries on the world market, of a new market for British exports, and of the possible absorption of British migrants. This soon turned into a much broader and more general problem: What was the importance of the rise of a new communications network in the Pacific Ocean for the further development of productive forces within the capitalist framework? Would there be a delay in the major economic crisis of capitalism which, it was assumed by Marx and Engels, would bring about a European social revolution? Capitalism, far from being exhausted, seemed to have taken on a new lease of life.

The extracts show how Marx and Engels reacted to this. On the one hand, by 1850, they in one sense "recognize" the new position, and brilliantly sketch it (Extract 4). Yet, the "recognition" is not allowed to become a genuine part of their picture of the real world. Just as in their treatment of the actual behaviour of the peasantry they tended to "recognize" all those elements in that behaviour which did not fit in their world picture, in the sense of actually describing them, yet continued to treat them as basically something "fictitious",<sup>1</sup> so with their reaction to a new development in the world economy. It is described, but at the same time its implications are ignored. The Australian markets are not treated as actual markets which for any length of time could

absorb British production, but as "mainly fictitious" ones. English exports to Australia are seen as purely speculative, as an example of "overtrading". And "overtrading" is, in content, identical with "overproduction".<sup>2</sup> Hence, whatever the actual trade figures which they cite, they cannot, by definition, affect capitalist overproduction. The world market, "recognized" in one sense, is not allowed to assume full reality. Hence it does not pose any new and awkward problems.

Yet the extracts, especially those from their private correspondence, make it clear enough that Marx and Engels did not succeed in pushing the problem away entirely. They are constantly irritated by it. Hence Engels' characterization of "the Australian gold-shit" which, he hopes, "will not hold up the commercial crisis". Australia, that "United States of deported murderers, burglars, ravishers and pickpockets", will throw out the English and establish Carlyle's "aristocracy of rogues" (Extract 5). Seven years later, Marx admits that outside the Continent, where a social revolution is "imminent", "the movement of bourgeois society is still in the ascendant" (Extract 40).

The plain fact that capitalism, in any developed form, existed in the 1840s only in a very small part of Europe, and mainly in England, was admitted by Engels towards the end of his life. In 1885 he described the Germany of the late 1840s as "a country of handicraft and of domestic industry, based on hand labour".<sup>3</sup> Ten years later he admitted that Marx and he had hoped to turn "the revolution of the minority into the revolution of the majority" and commented:

History has proved us, and all who thought like us, wrong. It has made it clear that the state of economic development on the Continent at that time was not, by a long way, ripe for the removal of capitalist production; it has proved this by the economic revolution which, since 1848, has seized the whole of the Continent, has really caused big industry for the first time to take root. . . .

The struggle of bourgeoisie and proletariat apart from England existed in 1848 only in Paris and, at the most, in a few big industrial centres.<sup>4</sup> . . .

But, of course, European capitalism was ripe *now*, and as to world capitalism, it was again not treated as a serious obstacle.

The impression, given in 1847-48, that large scale industry had already "created" a world market<sup>5</sup> was reaffirmed throughout

the lives of Marx and Engels, in spite of momentary doubts. After the 1848 revolution, Marx took up his economic studies in 1850. He related the 1847 world trade crisis to the 1848 revolution, and the revival of prosperity to the consequent reaction. By autumn 1850 Marx and Engels took stock of the new situation. The development of Australia and California involved "the constant expansion of all markets on the Pacific Ocean", the development of universal oceanic steamship traffic. At present "the productive forces of bourgeois society develop as luxuriantly as possible within the framework of bourgeois relations". Hence there was no possibility of a new real revolution, which could only be the result of a new crisis. But: both are "certain" (Extract 4).

It is not necessary to investigate here how far this was in fact a turning away from the slogan of "permanent revolution" proclaimed as late as March 1850. Engels claimed that the article broke "once and for all" with the "illusions" about an imminent revolutionary upsurge.<sup>6</sup> Since the extracts collected here refer only to Australia, and are quite marginal to Marx's major works, it would be unsound to try and refute that statement on their basis. The question of how far these "illusions" were shifted to the expectation of an imminent *economic* crisis, which in turn would be "certain" to bring about a revolution, must hence be left open.

The reaction to the gold discoveries appears clearly in Engels' first comment, of September 1851. He is concerned that they will "hold up the commercial crisis", but also claims that the new markets are but a temporary phenomenon and are "mainly fictitious". However, added to this is a recognition that only now is the world market developing (Extract 5). Seven months later Marx also fears a postponement of the crisis (Extract 7). By mid-1852 Engels' doubts have been strengthened. Australia "does damage" to the prospects of crisis, and hence of revolution, through the gold discoveries, the cessation of exports, and the absorption of English imports and of England's surplus population. Engels poses the "revisionist" question, to which Marx gives no answer which has been preserved:

California and Australia are two cases which were not provided for in the *Manifesto*: creation of great new markets out of nothing. They must still be put into it. (Extract 8)

Yet, while on the one hand "great new markets" had been "created", and seemed quite real, they are, for the next nine years

persistently treated as unreal, artificial markets, presented as constantly glutted (Extracts 12, 16-19, 21). Whether, as a matter of fact, Australian markets were "glutted" depends on one's definition of "glut" and is a question for economic historians to decide. Whatever their definition and their verdict might be, it is clear that the Marx-Engels concept of "artificial" markets is not something which could be tested by empirical evidence. The distinction between a "chronic" and an "acute" crisis, whatever its soundness may be, also functions so as to stretch the concept of crisis in such a way that it can be claimed to exist even when the more obvious signs are absent<sup>7</sup> (Extracts 22, 27). This kind of thinking is not necessarily anti-scientific, but it lends itself very easily to such a stretching of the original concept that it loses all its discriminating functions and becomes irrefutable. By 1857, Engels notes that the development of the crisis is "somewhat peculiar", but consoles himself with the reflection that "no new Australia and California to save things exists now" (Extract 32). Thus the "artificial" markets were "real" enough "to save things". The expansion of the world market is admitted to have had an empirical effect — but that expansion is, simultaneously, treated as final.

We noted that Engels, in 1852, asked the "revisionist" question whether the creation of "great new markets" should not be put into the *Communist Manifesto*. They were not. This fact, by itself, is capable of two interpretations. On the one hand, as Bert André's path-breaking history-bibliography of the *Manifesto* shows,<sup>8</sup> Marx and Engels themselves took little interest in the *Manifesto* from the mid-1850s until after the foundation (1864) of the First International. Moreover, after 1866, they treated it as a historical document to which no alterations should be made. But one may also argue that it would have been easy enough to deal with the applicability of the *Manifesto* to the "New World" in a new introduction. This was not done (nor, much later, did the Brisbane *Worker*, in which the *Manifesto* had its first Australian publication in 1893,<sup>9</sup> feel it necessary to deal with this issue).

However, in 1858-59 Marx did take up Engels' question. He wrote of a second sixteenth century of bourgeois society, a society which only now had fulfilled its task of at least completing the outlines of the world market.

The difficult question for us is this: on the Continent the revolution is imminent and will also immediately assume a socialist character. Is it not

bound to be crushed in this little corner, considering in a far greater territory the movement of bourgeois society is still in the ascendant? (Extract 40.)

In his public writings of the same period Marx recognized the existence of a "new stage of development" even in Europe, and he returned to his comparison with the sixteenth century (Extracts 42, 44). Did this not imply that possibly bourgeois society was "still in the ascendant" all over the globe?

In the 'sixties and 'seventies, the effect of the new development of the world market on the second Empire is alluded to (Extracts 47, 51-58) and we return to the theme of glutted markets (Extract 48). By 1883, Engels still refers to the "total exhaustion of the capitalist mode of production" (Extract 62), and three years later China becomes the "last safety valve" (Extract 65). Yet, between 1888 and 1892, we read of the "unparalleled expansion of British manufactures and commerce between 1848 and 1886", while China again figures as the "last market which could bring on a temporary revival of prosperity" (Extracts 66, 69, 70).

While this note is confined to one theme in the extracts, we would like to draw special attention to two other important passages. The remarks from the French edition of *Capital* on the periodicity of crises (Extract 57), apart from their interest to the economist, should also serve to warn us against holding an oversimplified picture of Marx's concept of causality. Those on the mode of production in colonies (Extract 57) make it clear how cautious, in his more scientific work, Marx was in using the label of "capitalism".

It is not hard to demonstrate the *a priori* character of Marxism from these extracts; it comes out rather nicely in the attempt to "recognize" new facts while continuing to write as if they had no "reality", and in the introduction of saving hypotheses. However, without this "dogmatism", Marx and Engels would probably not have been as great as they in fact are, and certainly not nearly as influential as they have been.

## REFERENCES TO INTRODUCTION

- 1 H. Mayer, "Marx, Engels and the Politics of the Peasantry", *Études de Marxologie*, 3 June 1960, 91-152.
- 2 "Overtrading is not synonymous with overproduction, but is identical in content," Engels to Marx, 11 December 1857, *Bruw*, 2, 316.
- 3 Engels, "On the History of the Communist League", *S.W.*, II, 322.
- 4 Engels, "Introduction" to Karl Marx, *The Class Struggles in France*, London, 1942, 16-17.
- 5 Engels, "Principles of Communism", *Werke*, 4, 374; Marx-Engels, "Manifesto of the Communist Party", *Werke*, 4, 463; cf. *ibid.*, 466, 479; cf. Marx-Engels, *The German Ideology*, London, 1938, 24-25, 38, 56-58.
- 6 Engels, "Introduction" to Karl Marx, *The Class Struggles in France*, London, 1942, 12.
- 7 It is impossible here to say anything about the Marxist theory of crises. Extract 57 (ii) raises the issue of the periodicity of crises. Of this, cf. Engels, "Introduction" to 2nd ed. of the "The Condition of the Working Class in England", *Werke*, 2, 642; Engels to Lawrow, 12-17 November 1875, *Briefe über Das Kapital*, Berlin, 1954, 228; Marx to Lawrow, 18 June 1878, *ibid.*, 225; Marx to Danielson, 15 November 1878 and 10 April 1879, *ibid.*, 240, 246; Engels to Bernstein, 25-31 January 1882, *ibid.*, 270.
- 8 Bert Andréas, *Le Manifeste Communiste de Marx et Engels*: Histoire et Bibliographie, 1848-1918, Milan, 1963, 39, 40.
- 9 *ibid.*, 175.

## ABBREVIATIONS OF MAJOR COLLECTIONS CITED

Unless otherwise stated, the collections contain works by both Marx and Engels

- Bebel Br.: F. Engels, *Briefe an Bebel*, Berlin, 1958.
- Bruw.: *Briefwechsel*, 4 vols., Berlin, 1949-50.
- Capital (Kerr): Marx, *Capital*, 3 vols., Chicago, 1906, 1909.
- Capital (F.L.P.H.): Marx, *Capital*, 3 vols., Moscow, 1959, 1957, 1959.
- C.P.E.: Marx, *A Contribution to the Critique of Political Economy*, Chicago, 1904.
- G.S.: *Gesammelte Schriften von Karl Marx und Friedrich Engels*, 1852 bis 1862, ed. D. Riazanov, 2 vols., Stuttgart, 1917.
- Kautsky Br.: Engels, *Friedrich Engels' Briefwechsel mit Karl Kautsky*, ed. B. Kautsky, Vienna, 1955.
- K.P.E. (Draft): Marx, *Grundrisse der Kritik der Politischen Ökonomie (Robentwurf)*, 1857-1858, Berlin, 1953.
- L.Am.: *Letters to Americans*, 1848-1895, New York, 1953.
- MEGA: *Historisch-kritische Gesamtausgabe*, Erste Abteilung, ed. D. Riazanov; V. Adoratski, 7 vols., Frankfurt, Berlin, Vienna-Berlin, Moscow, 1927-35.
- Mehrwert (1921): Marx, *Theorien über den Mehrwert*, ed. Karl Kautsky, Vols. II/2 and III, 4th ed., Stuttgart, 1921.
- Mehrwert (1959) and *Mehrwert (1962)*: Marx, *Theorien über den Mehrwert*, ed. Institut für Marxismus-Leninismus beim ZK der SED. Vol. II, Berlin, 1959; Vol. III, Berlin, 1962.
- N.O.Z.: *Neue Oder Zeitung*, Breslau.
- NRZ-Revue: *Neue Rheinische Zeitung. Politisch-ökonomische Revue*. London, Hamburg, New York, 1850. Reprint, intr. K. Bittel, Berlin, 1955.
- N.Y.T.: *New York Daily Tribune*.
- On Britain: *On Britain*, Moscow, 1953.
- On China: *Marx on China, 1853-1860*, ed. D. Torr, London, 1951.
- On Colonialism: *On Colonialism*, Moscow, n.d. 1959?
- S.W.: *Selected Works*, 2 vols., Moscow, 1950, 1949.
- Werke*: *Werke*, ed. Institut für Marxismus-Leninismus beim ZK der SED. Vols. 1-24, Berlin, 1957-63 (continuing).



# Chronology

1847

## 1. *Wool and the Prussian Aristocracy*

Factors which have contributed to the decline of the Prussian aristocracy and the large land owners include: the wars with France at the beginning of the nineteenth century, the English corn laws which excluded wheat from English markets, and finally the competition of Australia in one of its major branches of production, that of wool. . . . (a)

The disposal of its wheat is limited by Russian and American competition, that of its wool by Australian and in certain years south Russian competition. (b)

Engels, (a) "The Prussian Constitution", *The Northern Star*, 6 March 1847. *MEGA*, I, i, 6, 256. (b) "The status quo in Germany", written March-April 1847. *MEGA*, I, i, 6, 237.

1848

## 2. *England and Australian Markets*

"He who has properly understood England and her whole position in modern history, could not be surprised that the revolutions on the Continent passed her for the moment without a ripple. England is the country which through her industry and trade dominates all those continental nations which are in the process of revolution. And yet, because of her domination over the Asiatic, American and Australian markets, she depends relatively little on their custom. She is the country in which the contradictions of modern civil society, the class struggles between bourgeoisie and proletariat are developed furthest, have been driven to their furthest extremities. England, more than any other country, has its own independent development."

When the hour strikes, England will dictate the revolution to the Continent.

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"The Revolutionary Movement in Italy", *Neue Rheinische Zeitung*, 30 November 1848. *MEGA*, I, i, 7, 478, ascribes the article to Engels; *Werke*, 6. 77-80, to Marx.

1850

## 3. *Coming Glut in Australian Markets*

The causes of Britain's industrial prosperity are analysed. It will not last "very long". Several of her largest markets, especially in the East Indies, are already oversupplied. Her exports already flow less to the really large markets, and more to the entrepôts of world trade, from which the commodities can be directed to the most favourable markets.

"Soon, given the colossal productive forces which English industry of 1843-45 has added to the hitherto existing ones in the years 1846 and 1847, and especially 1849, and to which it is still adding daily, the markets still remaining, especially the North and South American and Australian ones, will also be glutted. And, with the first news of this glut, 'panic' in speculation and production will occur simultaneously — perhaps already towards the end of spring, at the latest in July or August."

Since the subsequent crisis will coincide with "great collisions" on the Continent, it will mark the beginning "of the modern English Revolution, a revolution in which Cobden will take on the role of Necker".

Marx-Engels, "Review", *NRZ-Revue*, 2 February 1850, Reprint, 119-20.

## 4. *Growth of World Market and Effects on Prospects of Revolution*

A lengthy analysis of industrial and commercial prosperity in Britain, and of the prospects of a crisis. Industrial prosperity will be increased by the opening of the Dutch colonies, the Exhibition of 1851, and the expansion of means of communication in the Pacific. In 1845-46 the bourgeoisie was frightened by the spread of potato blight. Having hardly recovered from the discovery that "one of the fundamental pillars of its whole social order, the potato, was in danger, it now, in addition, sees threatened the second fundamental pillar — cotton". A few years of cotton shortage "will neces-

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sarily throw back the whole of civilized society momentarily into barbarism".

"The age of gold and iron is long past; it was reserved to the nineteenth century with its intelligence, its world market, its colossal productive forces, to bring forth the *age of cotton*. The English bourgeoisie at the same time feels more oppressively than ever the dominion exercised over it by the United States, through its hitherto unbroken monopoly of cotton production. It has at once begun to move in order to break this monopoly. Not only in East India, but also in Natal and the northern parts of Australia, and in general in all parts of the world in which climate and circumstances permit the growing of cotton, this is to be advanced in every way." (a)

Overproduction will lead to speculation, which, at the moment, has only two major outlets: "the cultivation of cotton and the new communications on the world market which are given through the development of California and Australia". (b)

While the new Californian markets, taken in isolation, are significant, they are insignificant if compared with "the constant expansion of all markets on the Pacific Ocean, as compared with the remarkable increase of trade in Chile and Peru, in western Mexico, in the Sandwich Islands, and compared with the sudden beginning of communications between Asia and Australia and California". (c)

The new world trade routes "must shortly outstrip all others in importance". The main trade route to the Pacific—which is only now really opened up and becoming the world's most important ocean—from now on will go across the Isthmus of Panama. It involves the construction of roads, railways and canals, as urgently necessary for world trade. In part, this construction has already started. In turn it requires the most rapid expansion of steamship lines across the Pacific.

"The increase of communications by means of steamers between Europe and Chagres becomes more necessary day by day, and the growing traffic between Asia, Australia and America requires new lines of steamers on a grand scale, from Panama and San Francisco to Canton, Singapore, Sydney, New Zealand, and the most important port of call of the Pacific, the Sandwich Islands. Of all the Pacific territories, it

is especially Australia and New Zealand which have advanced most, both through the rapid progress of colonization, as well as through the influence of California. They do not want to be separated for a moment longer from the civilized world by a four to six months sailing voyage. The total population of the Australian colonies (excluding New Zealand) rose from 170,676 (1839) to 333,764 in 1848, an increase of 95½ per cent in nine years. England herself cannot leave these colonies without means of communications by steamship; the government is negotiating at the moment about a line to link up with the East Indian overland mail. Whether or not this is realized, the necessity for a steam connection with America, and especially California, to which 3500 emigrants from Australia went last year, will soon find redress. One may really say that the world only begins to be round since the necessity of this universal oceanic steamship traffic is present." (d)

There will be increasing speculation in steamship lines, with New York as the centre, but with British capital also playing its part. Its collapse will occur first in New York.

"Endless projects will perish, but just as in 1845 the English railway system, so this time at least the *outlines* of a universal steamship traffic will emerge from the over-speculation. However many companies go bankrupt, the steamers, which double the Atlantic traffic, which open up the Pacific, which connect Australia, New Zealand, Singapore, and China, with America, which reduce the voyage round the world to four months, will remain." (e)

The effects of English and American prosperity on Germany and France are reviewed. While the first effect of crises is to produce revolutions on the Continent, their cause is always to be sought in England. Given general prosperity, in which the productive forces of bourgeois society develop as luxuriantly as possible within the framework of bourgeois relations, there can be no question of a real revolution, which is only possible when the two contradict one another. At the moment, the quarrels between the various factions of the Continental party of Order will not lead to a new revolution. On the contrary, these quarrels are only possible because at the moment the foundations are stable and bourgeois. This fact will bring to nought all attempts of reaction to hold up bourgeois development, as well as all the enthusiastic pro-

clamations and moral indignation of the democrats. "A new revolution is only possible as a consequence of a new crisis. But it is also just as certain as the latter." (f)

Marx-Engels, "Review: May to October", *NRZ-Review*, 5-6 May-October 1850. Reprint: (a) 311, (b) 312, (c) 314, (d) 314-15, (e) 315, (f) 317-18.

1851

5. *Gold Discoveries. Australia "a State of unconcealed blackguards"*

"It is to be hoped that the Australian gold-shit will not hold up the commercial crisis. However, it momentarily creates a new, mainly fictitious market and raises the price of wool, since the flocks of sheep are being neglected. Apart from this, it's a very fine business. Steamers round the world will be in full swing in six months, and our prophecies about the supremacy of the Pacific Ocean are being realized even more rapidly than we could expect. During this occasion the English will be thrown out, too, and the United States of deported murderers, burglars, ravishers and pickpockets will furnish the world with an astonishing example of what a State of unconcealed blackguards can do in the way of miracles. They will beat California hollow.\* While in California at least it is the blackguards who are being lynched, in Australia one will lynch the *bonnêtes gens*, and Carlyle will see his aristocracy of rogues established in full glory."

\* In English in original.  
Engels to Marx, 23 September 1851, *Brew*, I, 321.

1852

6. *World-wide Communications*

On sending the conclusion of the *18th Brémiaire* to Joseph Weydemeyer, Marx congratulates him on the birth of his son:

"Best wishes to the new citizen of the world! One can't be born at a better time than today. By the time the trip from London to Calcutta will take seven days, the two of us will either be beheaded or have heads that totter with age. And Australia and California and the Pacific Ocean! The new

citizen of the world won't be able to comprehend how small our world was."

Marx to Weydemeyer, 25 March 1852, *L.Am.*, 46, cf. Karl Obermann, *Joseph Weydemeyer: Pioneer of American Socialism*, New York, 1947, 41.

7. *Crisis may be Postponed to 1853*

"The status of big commerce and industry in England, and hence on the Continent, is better than ever. As a result of special circumstances (California, Australia, the trade penetration of the British into the Punjab, Sind, and other recently conquered parts of the Indies) the crisis may be postponed until 1853. But when it does break out, it will be frightful. And until then revolutionary upheavals are out of the question."

Marx to Weydemeyer, 30 April 1852, *L.Am.*, 49.

8. *Creation of New Markets must be put in the Communist Manifesto*

Various bankruptcies were only precursors of the crisis, which seems to be developing. A series of good harvests have occurred, but France remains in a mess. Speculation is continuing. Decisive news from the glutted markets "must surely arrive soon". Exports to China and the East Indies are taking place, Calcutta is overstocked. Prosperity should end by October or November. Whether the crisis will bring about an immediate revolution, within six to eight months, depends very much on its intensity. If it becomes a chronic crisis, and if the harvests are better than expected, it may last till 1854.

"Australia, too, does damage. First, directly through gold and the cessation of all its other exports, as well as through the increased imports of all commodities\* conditioned thereby, and then through the departure of the local surplus population, at the rate of 5000 a week.\* California and Australia are two cases which were not provided for in the *Manifesto*: creation of great new markets out of nothing. They must still be put into it."

Engels to Marx, 21 August 1852, *Brew*, I, 465-66, \* "commodities", "surplus . . . week" in English in original.

9. *Pauperism, Gold, Emigration*

Marx attacks the contention of the *Economist* that as free trade expands, so pauperism decreases. He refers to five to seven year phases of the trade cycle, from prosperity to depression to prosperity. The statistics of pauperism, 1843-52, produced by the *Economist* are at best platitudinous and tautological and show that British pauperism waxes and wanes, independent of free trade and protection, with alternating periods of stagnation and depression.

In fact in 1852, a year of free trade, we find that the sums spent on paupers were £679,878 more than in 1837, a year of protection, "in spite of the Irish Famine, the nuggets of Australia, and the steady stream of emigration".

Marx then analyses the statistics in some detail and concludes that pauperism, in spite of free trade, famine and prosperity, in spite of Australian nuggets and the stream of emigration, has increased over the average of 1841-48.

Marx, "Pauperism and Free Trade — The Approaching Commercial Crisis", *N.Y.T.*, 1 November 1852, 6 B, dated 15 October. *Werke*, 8, 368-69. The translation in *G.S.*, I, 29-30 is inaccurate.

10. *Bullion*

The increase in bullion stored in the Bank of England is falsely attributed to the increased production of gold in Australia and California. In fact it is due to the fall in imports and the compensating of export surpluses by gold. *ibid.*, *Werke*, 8, 372.

1853

11. *Bullion*

The decrease in the Bank of England's bullion reserves has set in and has surpassed the total imports of gold from Australia and America for the last month.

Marx, "Political Prospects — Commercial Prosperity — Case of Starvation", *N.Y.T.*, 2 February 1853, 5 EF, dated 14 January. *G.S.*, I, 70; *Werke*, 8, 496.

The Bank of England raises its discount rate, to try to stop speculation in Paris, but imports of grain will further decrease gold reserves. Imports of gold from Australia will

not be able to keep pace with the sudden increase of imports of grain.

Marx, "Elections — Financial Clouds — The Duchess of Sutherland and Slavery", *N.Y.T.*, 9 February 1853, 6 AB, dated 21 January; *G.S.*, I, 73; *Werke*, 8, 500.

12. *Crisis Delayed, Due Now*

The crisis, somewhat delayed through the opening up of the Californian and Australian markets and mines, is now undoubtedly due, provided that the harvest is poor.

Marx, "Capital Punishment — Mr Cobden's Pamphlets — Regulations of the Bank of England", *N.Y.T.*, 18 February 1853, 3 EF, dated 21 January; *G.S.*, I, 86; *Werke*, 8, 512.

13. *Bullion*

Further decline in gold reserves. Within the last fortnight about £1 million has been shipped, in part to the Continent, in part in minted form to Australia.

Marx, "Defence — Finances — Decrease of the Aristocracy — Politics", *N.Y.T.*, 23 February 1853, 6 CDE, dated 8 February; *G.S.*, I, 87; *Werke*, 8, 514.

14. *Transportation*

Lord John Russell's outline of government policy, which includes the cessation of transportation to Australia, is summarized. The reforms proposed, including the ending of transportation, are nearly all taken from Disraeli's programme.

Marx, "The Italian Insurrection — British Politics", *N.Y.T.*, 25 February 1853, 5 DEF, dated 11 February; *G.S.*, I, 96, 98; *Werke*, 8, 523, 525.

15. *Crisis Must Come*

British arms have put an end to the isolation of China, and "an opening was made for that intercourse which has since proceeded so rapidly under the golden attractions of California and Australia".

"The attention of our readers has often been called to the unparalleled growth of British manufactures since 1850. Amid the most surprising prosperity, it has not been difficult to

point out the clear symptoms of an approaching industrial crisis. Notwithstanding California and Australia, notwithstanding the immense and unprecedented emigration, there must ever, without any particular accident, in due time arrive a moment when the extension of the markets is unable to keep pace with the extension of British manufactures, and this disproportion must bring about a new crisis with the same certainty as it has done in the past.”

The Taiping rebellion must, for the time being, contract an important market, and hence will accelerate the arrival of the crisis.

Marx, “Revolution in China and Europe”, *N.Y.T.*, 14 June 1853 Ed. Written 20 May. *On China*, 2, 4.

16. *Australian Crash*

Manufacturers and merchants pretend things are not so bad. This is sham and humbug — since last week the prices of yarns and cotton have fallen.

“Stocks\* are mounting up, while demand\*, also in home trade,\* is decreasing. There is such a tremendous over-speculation in Australia that 80,000 barrels\* of American flour are being sent from there with a freight of 8/- per barrel to here. The Australian crash\* will indeed be in bloom in four weeks.”

Engels to Marx, 29 September 1853, *Brw.*, I, 612.

\* In English in original.

17. *Markets Duller*

In July-August California and Australia poured their golden treasures into the lap of British Industry. But now:

“According to the last news from Melbourne and Sydney, import markets were becoming much duller, and many shipments were now definitely postponed.”

Marx, “Eastern Question — New Developments — Press Reactions — Public Meeting — Free Trade and Coming Crisis”, *N.Y.T.*, 7 October 1853, dated 23 September; *Werke*, 9, 338, 340.

18. *Gloomy News for Merchants*

“The general depression on the Manchester market continues. In proportion as the news from Australia and China,

as well as that regarding the Eastern complication, are tokening a more gloomy character, the minds of the cotton-spinners, manufacturers and merchants, become more unsettled.”

Marx, “The War Question — Financial Matters — Strikes”, *N.Y.T.*, 21 October 1853, 6 AB, dated 7 October; *Werke*, 9, 422.

19. *Markets Extremely Unfavourable*

The irregularities of the industrial system, and the deadly conflicts which spring from its essence, can no longer be blamed on the aristocratic protectionists, since free trade has functioned for approximately eight years under astonishingly lucky circumstances, thanks to California and Australia — these two worlds of gold which have been brought forth by the inventive powers of the modern demiturge. But now:

“As to the Australian market, *The Melbourne Commercial Circular* states, that ‘Where goods purchased only about a month ago have been sold, if then delivered, at a profit of no less than 100 to 150 per cent, now they would not realize enough to cover the expense’. Private letters from Port Phillip, received last week, are also extremely unfavourable with regard to the state of the markets. Goods continue to pour in from all parts of the world, and the prices they could command were so low, that rather than submit to immediate sacrifices, ships were being purchased in numbers, to be used for storage.”

Marx, “War — Strikes — Dearth”, *N.Y.T.*, 15 November 1853, 6 AB, dated 1 November.

The paragraph may have been written by Engels — see Marx to Engels, 28 October 1853, *Brw.*, I, 618. No publication called *The Melbourne Commercial Circular* could be traced.

cf. Marx, “Prosperity — The Labour Question”, *N.Y.T.* 30 November 1853, dated 15 November, in which the glut in the Australian markets is mentioned again.

1854

20. *Proposed Appointment of Judge to Victoria*

“The debates of the week offer nothing of interest, except on Mr Moore’s motion for a select Committee to take into consideration the case for the appointment of H. Stonor to

the office of a Judge in the colony of Victoria, the said Stonor having been reported by a Committee of the House to have been guilty of bribery at the elections in the borough of Sligo in 1853, the appointment of the Committee was granted. The persecution of Mr Stonor is, however, a mere pretext for renewing, on fresh ground, the battle between the two fractions of the broken Irish Brigade."

Marx, "Russia and Germany. Judge's Appointment to Victoria — Corn Speculation — Rising Market", *N.Y.T.*, 21 April 1854, 5 EF, dated 7 April, *Werke*, 10, 190.

The "broken Irish Brigade" refers to the split among the Irish representatives after the December 1852 Aberdeen coalition ministry, when three of them became ministers.

1855

## 21. *British Exports Flood Australia*

A major English industrial and commercial crisis, worse than those of 1836 and 1847, has broken out. It is marked by increased bankruptcies and declining exports. The war of 1854 is not its cause. Once more the trade cycle has reached the point where overproduction and overspeculation have been transformed into a crisis. Proof may be found in the crisis in America which, except for shipping, was not affected by the war. People are now re-emigrating to Europe. The English crisis of 1836 was followed by the American one of 1837, but this time America has taken the initiative in bankruptcy.

"The United States and Australia are equally flooded with English products. How important this is for English trade one may see from the fact that of approximately £sg 100 million which Great Britain exported in commodities in 1853, 25 million went to the United States and 15 million to Australia. East India was the most important export market after the United States and Australia."

By 1852, East India was already glutted and only a new extension of trade to the Punjab, Sind, Bokhara, Afghanistan and Beluchistan, and from there to Central Asia and Persia, made it possible to keep up exports.

"But now all channels of disposal even there are closed, so that a short while ago goods were shipped from Hindustan to Australia, thus carrying coals to Newcastle."

Only the markets of the Levant were treated cautiously for a while, but the crisis in America and the "stagnation in Australia" forced a search for any markets which might still be available. Constantinople must also now be considered closed as a market. (a)

British exports to Australia came to: 1842 — not quite £stg 1 million; 1850 — £stg 3 million; 1853 — £stg 14,513,000. (b)

Marx, "The Commercial and Industrial Crisis", (a) I *N.O.Z.*, 11 January 1855; *G.S.*, II, 90-91; *Werke*, 10, 603-4; (b) II *N.O.Z.*, 12 January 1855; *G.S.*, II, 92; *Werke*, 10, 604.

## 22. *New Markets, Overproduction, and Laissez Faire*

Marx denies the claim of *The Economist* that exports of machinery have increased in 1854 as against 1853. They have fallen, and the statistics are false. The men of the Manchester school are trying to abolish the legal restrictions favourable to the workers, i.e., the existing limits on the working time of adolescents under eighteen, of women, and of children under twelve. Yet they admit the glutting of overseas markets.

"If such an overstocking of the world market has been reached in spite of the improvisation of two new golden markers — Australia and California — in spite of the electric telegraph, which has transformed the whole of Europe into a great stock exchange, in spite of railways and steamers, which have multiplied communications, and hence exchange to an incredible extent — how long do you think the crisis would have taken to arrive if the masters of industry had been free to let people work for eighteen instead of for eleven hours?"

Moreover, a whole generation of workers would have sacrificed half its physical power and mental development. The very same Manchester men who sentimentalize about the human cost of war, who protest against the mutual slaughter of Christians, also protest against "restrictions" which slow up the too rapid consumption of human beings in factories. Marx, "The Commercial and Industrial Crisis", III *N.O.Z.*, 20 January 1855; *G.S.*, II, 95; *Werke*, 10, 606-7.

## 23. *Golden Streams*

Marx used four articles in the *N.O.Z.* as the basis for a

shorter one in the *N.Y.T.* in which the passage on Australia reads:

"California and Australia added to the markets of the world and pouring forth their golden streams, with electric telegraphs transforming the whole of Europe into a single stock exchange, and with railways and steamers centuplicating the means of communication and of exchange."

Marx, "The Commercial Crisis in Britain", *N.Y.T.*, 26 January 1855 Ed. cf. also *N.Y.T.*, 24 March 1855; *Werke*, 11, 102.

24. *Gladstone and Australian Governor*

Gladstone attempted to secure the Governorship of [South] Australia for one of his relatives, his secretary, a certain Lawley, who was only known as a man doing business in racing bets and as a speculator. Fortunately the attempt was discovered in time.

Marx-Engels, *N.Y.T.*, 23 February 1855 Ed.; *Werke*, 11, 26. cf. P. Magnus, *Gladstone*, London, 1954, 116, for a more accurate account of this incident.

25. *From Australia [Eureka] (a)*

"The latest news from Australia adds a new element to the general uneasiness, unrest and instability. We have to distinguish between the riot at Ballarat (near Melbourne) and the general revolutionary movement in the colony of Victoria. The former will have been suppressed by now; the latter can only be suppressed through complete concessions. The former is by itself only a symptom, an incidental eruption of the latter. So far as the riot near Ballarat is concerned, the facts are simply these. A certain Bentley, owner of the 'Eureka' Hotel near the Ballarat gold mines, had come into sundry conflicts with the gold diggers. A murder which occurred in his hotel increased the hatred towards him. At the coroner's inquest Bentley was released as innocent. However, ten of the twelve jurors who had officiated during the coroner's inquest published a protest against the bias of the coroner, who had tried to suppress the evidence of witnesses disadvantageous to the prisoner. Owing to the demand of the mass of the people, a second inquest was held. Despite the very suspicious evidence of witnesses, Bentley was again set

free. Meanwhile it became known that one of the magistrates had a pecuniary share in the hotel. Many earlier and later complaints prove the doubtful character of the government officials of the district of Ballarat. On the day of Bentley's second release, the gold diggers organized a formidable demonstration, burnt his hotel and then retired. Three of the ringleaders were arrested on the instructions of Sir Charles Hotham, the Governor-General of the colony of Victoria. On the 27th November a deputation from the gold diggers demanded their release. Hotham refused the request. The gold diggers held a monster rally. The Governor sent police and armed forces from Melbourne. A clash developed, several people were killed, and the gold diggers, according to the latest news — up to 1st of December — had raised the banner of independence.

"This account, taken mainly from an organ of the government, already tells not at all in favour of the English magistrates and government officials. It shows the prevailing distrust. The really important questions at issue, around which the revolutionary movement in the province of Victoria revolves, are two. The gold diggers demand abolition of the licences for gold prospecting, i.e., of a direct tax on labour; secondly they demand the abolition of the property qualification for members of the Chamber of Representatives, in order thus to acquire control over taxes and legislation for themselves. It is not difficult to notice that these are essentially similar reasons to those which led to the Declaration of Independence of the United States, but with the difference that in Australia the opposition arises from the workers, against the monopolists tied up with the colonial bureaucracy. In the Melbourne *Argus* we read of big meetings on the question of reforms and on the other hand of big military preparations on the part of the government. It says there (b), among other things: 'At one meeting of 4000 people it was resolved that the licence fee is an imposition and an unjustifiable tax on free labour, the meeting hence pledges itself to abolish it at once by burning all their licences. That in the event of any party being arrested for having no licences, the united people will defend and protect them.'

"On the 30th November, Commissioners Rede and Johnson appeared at Ballarat with cavalry and police, and with

drawn swords and fixed bayonets demanded that the gold diggers show their licences. The latter, mostly armed, held a mass meeting and resolved to resist the collection of the hated tax to the limit. They refused to show their licences; they declared that they had burned them; the riot act was read, and the riot was now complete. (c)

"To describe the united activities of the monopolists housed in the local legislatures and of the colonial bureaucracy tied up with them, it is sufficient to point out here (d) that in 1854 Government expenditure in Victoria amounted to £stg 3,564,258, inclusive of a deficit of £stg 1,085,896, i.e., of more than one-third of the total income. And in the face of the present crisis, of general bankruptcy, Sir Charles Hotham demands a sum of £stg 4,801,292 for the year 1855. Victoria has scarcely 300,000 inhabitants, and out of the sum mentioned above, £stg 1,860,830, i.e., £stg 6 per head, is allotted for public works, namely, for roads, docks, wharves, barracks, government buildings, custom sheds, botanical gardens, government sheds, etc. (d) Taking the same scale, £stg 6 per head, the population of Great Britain would have to pay £stg 168,000,000 a year for public works alone, i.e., three times as much as the amount of its total taxes. It is not hard to understand that the labouring population rebels against this excessive taxation. At the same time, it is not hard to understand what good business is bound to be done by the bureaucracy and the monopolists who are united, given such extensive public works carried out at other people's expense." Marx, "Buying Jobs — From Australia", *N.O.Z.*, 7 March 1855, dated 3 March.

(a) This is the second part of one of Marx's regular articles for the *Neue Oder-Zeitung* of Breslau (now Wrocław), whose correspondent he was for most of 1855. (See: S. Schwann, "Die Neue Oder-Zeitung und Karl Marx als Ihr Korrespondent", *International Review of Social History*, 4(1), 1959, 59-90.)

In 1917, the article was first reprinted in Rizanov's collection (*G.S.*, II, 172-4). It was published in a Russian translation in Volume 10 of the *Marx-Engels Works*, edited by V. Adoratski and published by the Marx-Engels Institute in Moscow in 1933. From this the *Communist Review*, Sydney, 5(6), June 1938, 13-14, published an English version as "News from Australia". "From the article 'Selling [sic] Jobs' in Vol. 10 of his Collected

Works, Tr. from the Russian edition." The translation, being secondhand, is not the best, and is slapdash on figures and names. It was reprinted in L. Sharkey's pamphlet *Australia Marches On*, 1st ed., Sydney, 1942, 2-4, as "News from Australia". The article was also referred to (cover, p. 33) as being on the "Eureka Stockade", which is, strictly speaking, not accurate as Marx's reference is to the Ballarat "riot" and he used information only up to 1 December 1854, while the major clash at the stockade took place on 3 December. The "riot" refers to the attack on the military reinforcements on 28 November. (R. D. Walshe, "The Significance of Eureka in Australian History", *Historical Studies*, Australia and New Zealand, Eureka Supplement, December 1954, 69, note 34.)

(b) Marx's account is based on the Melbourne *Argus*, from mid-November to 2 December 1854. He uses a despatch by its Geelong correspondent dated 30 November. (*Argus*, 1 December 1854, 5a.) The sentence in inverted commas is Marx's condensation of two parts of the report of the Ballarat correspondent dated 29 November. (*Argus*, 1 December 1854, 5ab.)

"About 4000 assembled to hear the issue of the Melbourne deputation, and also the report of the Committee of the Reform League." Point four in the resolution of this meeting reads: "That this meeting, being convinced that the obnoxious licence-fee is an imposition and an unjustifiable tax on free labor, pledges itself to take immediate steps to abolish the same, by at once burning all their licences. That in the event of any party being arrested for having no licences, that the united people will, under all circumstances, defend and protect them."

(c) The source is the report of the Special Correspondent at Ballarat, dated Thursday (30 November) 11 p.m., in the *Argus*, 2 December 1854, 5a.

(d) The source for the figures is the Supplementary Estimates for 1854, which also stressed the importance of public works. (*Argus*, 24 November 1854, 6a.) Owing to copying or printing errors, or Marx's notoriously bad handwriting, there are minor discrepancies in the figures:

	<i>Argus</i>	<i>Marx</i>	<i>Sharkey</i>
1854 expenditure	£3,564,858	£3,564,258	£3,564,285
1854 deficit	1,085,396	1,085,896	1,085,896
1855 expenditure	4,801,292	correct	correct
1855 public works	1,860,835	1,860,830	1,860,830



As to the significance of the article, four comments may be mentioned.

Riazanov remarks that the events were the occasion for Marx's more intensive study of "the modern theory of colonization", with which he dealt in detail in *Capital*, G.S., II, 153. This is questionable. Marx had become interested in Wakefield in 1851, but did not return to him and his theories till the 1857-58 rough draft for the *Critique of Political Economy*.

Shakey claims that in the article, "Marx shows the important part the workers were playing at this early period . . ." (34.) This view is defensible, but rests on a loose usage of the term "workers". The rioters Marx was concerned with were not, at the time he wrote about them, proletarians on the standard Marxist definition, but small-scale independent producers who were largely self-employed.

In 1954, R. D. Walshe, having cited the views of J. V. L. Foster and Thomas McCombie, concluded: "The factor common to these views of Foster, Marx and McCombie is that the crisis in Victoria at the end of 1854 was centrally a crisis in colonial imperial relations, aggravated, of course, by the commercial depression". (loc. cit. 60.) Since Marx draws a parallel with the declaration of independence of the United States, this is a defensible interpretation, though the term "centrally" seems rather an over-interpretation of the text.

A Polish scholar links the article with one in the same paper on the Irish land question. He sees in these articles evidence for Marx's concern with the process of capitalist accumulation and future colonial revolt, and he points to the fact that both the agrarian issue in Ireland and colonization are treated at length in *Capital*. (S. Schwann, *Korrespondencje Karola Marksa Do Wrocławskiej "Nue Oder-Zeitung"*, Poznan, 1958, 69.)

The article is now republished in *Werke*, II, 105-7.

## 26. *Emigration and Irish Agriculture*

Irish emigration to the United States and Australia is noted as one factor in the transformation of Irish agriculture into the English capitalist type, with large landowners.

Marx, "Ireland's Revenge", *N.O.Z.*, 16 March 1855, dated 13 March; G.S., II, 183; *Werke*, II, 119. cf. *Capital* (Kerr), I, 629, 774-83.

## 27. *Crisis: Chronic and Acute. Glutted Markets*

The "commercial and industrial crisis" since September 1854 "has set in with a severity, a universality, and a violence not to be mistaken. . . . We long since called attention to the existence of this disease in a chronic form. It has been aggravated, of course, by the late difficulties in America, and the crisis that depressed our trade. India and China, glutted though they were, continued to be used as outlets — as also California and Australia. When the English manufacturers could no longer sell their goods at home, or would not do so rather than depress prices, they resorted to the absurd expedient of consigning them abroad, especially to India, China, Australia and California. This expedient enabled trade to go on for a while with less embarrassment than if the goods had been thrown at once upon the home market; but when they arrived at their destination they produced embarrassment at once, and about the end of September last the effect began to be felt in England.

"Then the crisis exchanged its chronic form for an acute one. The first firms that felt it were the calico printers; a number of them, including very old established houses in Manchester and the vicinity, broke down. Then came the turn of the shipowners and the Australian and Californian merchants; next came the China traders, and finally the Indian houses."

In a "few months more" the crisis will be at a height not reached since 1846. When the workers "fully" feel the effect, bourgeois and proletariat will stand face to face. "England has arrived at her 1847, who knows when and what will be her 1848?"

Marx, "The Crisis in England", *N.Y.T.*, 24 March 1855 Ed. *On Britain*, 411-12.

This article is largely based on Marx's slightly earlier one, "The British Constitution", *N.O.Z.*, 6 March 1855, in which a similar reference to Australia occurs. G.S., II, 167; *Werke*, II, 96-7.

## 28. *Transportation of Aliens*

"Her Government, her journals, menace the proscribed and exiled with a new alien bill — with Australia and Barbados as fit places to re-echo their groans."

Marx, "England", *N.Y.T.*, 20 November 1855 Ed.

1856

29. *Irish Emigrants*

Engels gives his impressions of his trip through Ireland. He notes the high proportion of "parasites" — police, priests, lawyers, bureaucrats, landlords — which exists in the absence of industry. They live on the misery of the tenants. There is no trace of so-called self-government. Ireland may be looked on as the first English colony. Owing to its proximity to England, it is still governed in the old way "and one notices here already that the so-called freedom of the English citizens rests on the suppression of the colonies". Ireland is being ruined by famine, emigration, and the clearing of the estates. National-Irish fanaticism is rising. The Irish know they cannot compete with the English. Emigration will continue until the prevailing Celtic character of the population is ruined.

"How often have the Irish started in order to achieve something, and every time they have been crushed, politically and industrially. Through consistent oppression they have been artificially converted into an utterly demoralized nation, and now, as is well known, they fulfil the function of supplying England, America, Australia, etc., with prostitutes, casual laborers, pimps, thieves, swindlers, beggars and other rabble." Engels to Marx, 23 May 1856, *Brew*, II, 173.

30. *Gold and the Money Market*

"What do you think of the aspect of the money market? The higher discount rates on the Continent are undoubtedly in part connected with the fact that, as a result of the Californian and Australian gold, silver has risen in relation to gold, and (the Belgian Bank offers only 19fr. 40c. (Silver) for a Napoleon) that therefore the traders in bullion, wherever gold and silver are legal standard, are withdrawing the latter from the banks." A crisis of European dimension will probably occur soon.

Marx to Engels, 26 September 1856, *Brew*, II, 187. \* In English original.  
cf. the reference to \$500 million of gold which has been thrown on the world's gold markets through Californian and Australian production, 1848-55. Marx, *N.Y.T.*, 27 October 1856 Ed. But the rise in the price of silver in relation to gold, which

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was the immediate cause of the monetary crisis, can only be explained through the ever-increasing drift of silver from the West to Asia and especially India and China. This point, with some minor reference to Australian gold discoveries, is discussed at length by Marx, *N.Y.T.*, 1 November 1856 Ed.

1857

31. *Australian Agricultural Company*

"Have you noted the rackets which exploded last week, the Australian Agricultural Company, the London and Eastern Bank, and the North of Europe Steam Company in which Mr Peto is on the board of directors?" Marx to Engels, 31 March 1857, *Brew*, II, 223.

32. *Chronic Crisis*

Engels gives a lengthy analysis of the "somewhat peculiar" development of the crisis. A temporary change in spring 1858 is probable, not one to "good business", but one which will set the machinery of trade in motion again.

"Up to now no crisis has died down so rapidly and at one fell swoop, and this one, following on ten years of prosperity and swindling, is the least suitable for that. Also, no new Australia and California to save things exists now, and China is in a mess for twenty years. The violence of this first blow shows what colossal dimensions the thing is taking on. After the huge production of gold and the corresponding colossal expansion of industry, nothing else, in any case, is possible."

A chronic crisis, before the decisive one, is desirable to counteract the lethargy of the masses arising from a long period of prosperity. The crisis will affect him like a sea bath. "In 1848 we said: now our hour has struck, and it struck in a certain sense, but this time it will strike completely, now everything is at stake. My military studies thereby at once become of more practical importance. . . ."

Engels to Marx, 15 November 1857, *Brew*, II, 301-2.

33. *Glutted Markets*

Latest statistics show that British exports go 30 per cent to the U.S.A., 11 per cent to East India and 10 per cent to

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Australia. The American market is closed for some time, the glutted Indian one largely cut off through the insurrection, and the Australian one so glutted that British goods of all kinds are now being sold more cheaply in Adelaide, Sydney and Melbourne than they are in London, Manchester or Glasgow.

Marx, *N.Y.T.*, 21 November 1857 Ed.

34. *Gold and the Rate of Interest*

The effect of imports of gold to England from the U.S. and Australia on trade and the rate of interest is discussed.

Marx, "The British Revulsion", *N.Y.T.*, 30 November 1857; cf. Marx, *N.Y.T.*, 15 December 1857 Ed.

35. *Robert Lowe*

After giving some details of the finances of the people connected with the *Times*, Marx had noted that it had "a sort of privy council. The most important amongst them, Mr Lowe, M.P. for Kidderminster; an albino with red eyes and white hair, is said to have plenty of talent and special knowledge of financial matters." (Marx to Engels, 29 January 1853, *Brw.*, I, 539.)

In 1857 Engels asks Marx for information about Lowe's "former Australian" and other adventures, to be used politically against him in Manchester. (Engels to Marx, 11 March 1857, *Brw.*, II, 215.) Marx replies: "At the moment I have no information handy on Bob Lowe, that pig. Perhaps I can yet manage to dig up some during this week. He is a fellow who would have fitted into the société du dix decembre." (Marx to Engels, 18 March 1857, *Brw.*, II, 216.)

"Bob Lowe has not got much of a chance here. . . . Lowe will make a fool of himself as soon as he comes here. But it would be divine if he managed to get in." (Engels to Marx, 20 March 1857, *Brw.*, II, 220.)

"The local followers of Palmerston and the bourgeois had offered Bob Lowe that they would pay him £2000 should he be beaten here, so that he could fix up his electoral expenses with it in some other next. The idiot declined, so as to be safe in Kidderminster, and was beaten there. But he can never again come to Manchester, where he has behaved most

scurvily — first he allowed the philistines to compromise themselves on his behalf, then he declined, and at the same time wrote the article in the *Times* in which it is stated that it would be a shame if Manchester did not elect Bright!" Engels to Marx, 31 March 1857, *Brw.*, II, 225.

Marx used the information in the first sentence in his article, "The Defeat of Cobden, Bright and Gibson", *N.Y.T.*, 17 April 1857, dated 31 March. Lowe is characterized as "formerly a demagogue in Australia, where he agitated for separation from England". Marx, "The Opinion of the Press and the Opinion of the People", *Die Presse* (Vienna), 31 December 1861, dated 25 December; *On Britain*, 455.

There are many minor references to Lowe, all but one by Marx: *N.Y.T.*, 12 August 1853; *N.O.Z.*, 24 February, 30 March, 31 May, 9 June, 21 July 1855; *N.Y.T.*, 31 March 1857; *N.Y.T.*, 21 October 1861; — to Engels, 6 December 1868; — to Kugelmann, 18 June 1871; — to Liebknecht, 11 February 1878; — to Engels, 8 and 11 November 1882. Also: Marx-Engels, *N.O.Z.*, 29 May, 1855.

1857-58

36. *Gold and Silver*

It is not true that the consumption of gold and silver can only increase in relation to a fall in their costs of production. Their consumption increases relative to the growth of "universal wealth" which they symbolize. Hence an increase in their supply, even without a proportionate decrease in their costs of production or value, means they will find a rapidly expanding market and this prevents their depreciation.

"This explains quite a few things which are inexplicable to the economists — who generally make the consumption of gold and silver dependent solely on the fall in their costs of production — in the Australian-Californian case, where they move in a circle." (a)

"The relative cheapening of silver with the progress of the production of precious metals in ancient as well as in modern times, from East to West, till California and Australia reverse this." (b)

Statistics on the relative quantities of gold and silver "before the discoveries in Australia and California". (c) Marx studies the technical aspects of gold production, and

notes the "difference between the drift-deposits of gold, best exemplified at the present day in Siberia, California and Australia, and the fine sands annually brought down by rivers, some of which are also found to contain gold in workable quantities". (d)

Marx, *K.P.E. (Draft)* (a) 86, (b) 101, (c) 97, (d) 95.

1858

37. *Trade*

Figures on the British balance of trade, including Australia, 1855-57.

Marx, *N.Y.T.*, 3 February 1858.

38. *Debts*

Debts of the colonial governments in Canada and Australia are outside the sphere of competence of the British Parliament.

Marx, "The Approaching Indian Loan", *N.Y.T.*, 9 February 1858, 6 AB, dated 22 January.

39. *Speculative Exports*

The returns of the Board of Trade for the first quarter of 1858 "show also considerable increase in some articles of British export, but letters received from Sydney and Melbourne leave no doubt as to the merely speculative character of those shipments which, instead of selling at their declared value, will have to be disposed of at a heavy discount."

Marx, "Important British Documents", *N.Y.T.*, 20 May 1858, 6 AB, dated 30 April.

British Board of Trade statistics to the end of March show an increase in exports. But there is no real recovery, no genuine demand. The exports are experimental and have gone to Belgium, Spain, the Sicilies, Egypt, Mexico, Peru, China and Brazil. They are not bona fide, but speculative, exports. "The same remark holds true with respect to Australia, which had acted as so elastic a centre of absorption during the first months of the crisis. Australia was then and is still overstocked; a sudden reaction took place; the aggregate exports thither were diminished, but again some branches of British

industry, instead of contracting, have actually expanded — speculatively, of course — their supplies in spite of the warnings of all the Australian local papers. The export tables of the month of April, therefore, must be considered not as the bona fide standard of the recovery of British industry, but as mere feelers thrown out in order to ascertain what pressure the markets of the world are again able to bear."

Marx, "The State of British Commerce", *N.Y.T.*, 21 June 1858, 6 AB, dated 8 June.

"It is a phenomenon by no means peculiar to the Chinese trade, that a sudden expansion of commerce should be followed by its violent contractions, or that a new market, at its opening, should be choked by British oversupplies; the articles thrown upon it being not very nicely calculated, in regard either to the actual wants or the paying powers of the consumers. In fact, this is a standing feature in the history of the markets of the world. On Napoleon's fall, after the opening of the European continent, British exports proved so disproportionate to the continental faculties of absorption that "the transition from war to peace" proved more disastrous than the continental system itself. Canning's recognition of the independence of the Spanish colonies in America was also instrumental in producing the commercial crisis of 1825. Wares calculated for the meridian of Moscow were then despatched to Mexico and Columbia. And in our own day, notwithstanding its elasticity, even Australia has not escaped the fate common to all markets, of having its powers of consumption as well as its means of payment overstocked."

Marx, *N.Y.T.*, 5 October 1858 Ed.; *On China*, 62. The original version also gives 1857-58 export figures to the Australian colonies and to New Zealand.

40. *Bourgeois Society Still in the Ascendant*

"We cannot deny that bourgeois society has experienced its sixteenth century a second time, a sixteenth century of which I hope that it will sound its death-knell, just as the first one thrust it into existence. The specific task of bourgeois society is the establishment of the world market, at least in its outlines, and of production resting on its basis. As the world is round, this seems to have been completed by the colonization of California and Australia and the opening up

of China and Japan. The difficult question for us is this: on the Continent the revolution is imminent and will also immediately assume a socialist character. Is it not bound to be crushed in this little corner, considering in a far greater territory the movement of bourgeois society is still in the ascendant?"

Marx to Engels, 8 October 1858, *Brew*, II, 423-24.

41. *N.Z. Fortifications*

Captain Cook, in New Zealand, saw fortifications made from trees.

Engels, "Fortification", in: George Ripley and Charles A. Dana, eds., *The New American Cyclopaedia*, New York, 1858, Vol. 7; *Werke*, 14, 315.

1859

42. *Gold and Bourgeois Society*

"The publication of the 'Neue Rheinische Zeitung' in 1848 and 1849, and the events which took place later on, interrupted my economic studies which I could not resume before 1850 in London. The enormous material on the history of political economy which is accumulated in the British Museum; the favorable view which London offers for the observation of bourgeois society; finally, the new stage of development upon which the latter seemed to have entered with the discovery of gold in California and Australia, led me to the decision to resume my studies from the very beginning and work up critically the new material."

Marx, *C.P.E.*, Preface 14, dated January 1859.

43. *Gold and Silver*

The precious metals and the relation of gold to silver are discussed at great length. Passages in which Australia is specifically mentioned are:

Substitution of silver for gold money by Holland "out of tender regard for the government creditors and out of fear of the effects of the discoveries in California and Australia. . . ." (a)

"... [M]odern economists have advanced the erroneous

proposition that the use of silver and gold articles increases not in proportion to the growth of wealth, but in proportion to the fall in value of the precious metals. Their otherwise accurate references to the use of the Californian and Australian gold are inconclusive, since the increased consumption of gold as a raw material does not find justification, according to their theory, in any corresponding decline in its value." (b)

The effect of Australian and other gold discoveries on the value of gold and on the ratio of the values of gold and silver. (c)

Marx, *C.P.E.*, (a) 138; (b) 181; (c) 215 and 215 n.1.

44. *World Market, Emigration, Pauperism*

Marx comments on three statistical tables:

"By composing these three tables of population, crime and pauperism, it will be found that from 1844 to 1854 crime grew faster than population, while pauperism from 1849 to 1858 remained almost stationary, despite the enormous changes worked during the interval in the state of British society. Three great facts mark the decennial period of 1849-58 — facts which would almost justify us in comparing that period to the most illustrious epochs of the sixteenth century. The corn laws had been repealed, the gold-fields discovered, and an immense emigration had taken place. There were, besides, other circumstances which gave a new start to industry and commerce. From revolutionary convulsions, Europe has turned to an industrial mania. The conquest of the Punjab, and then the Russian war and the Asiatic wars, had made accessible markets till then almost unknown. Finally, the United States' import of British produce had developed itself in dimensions not even suspected ten years before. The whole market of the world had expanded and seemed to have doubled or trebled its powers of absorption. And with all this, during this memorable decennial epoch, the stationary million of English paupers is diminished only by 26,233 individuals. If we compare the years 1853 and 1858, it has even increased by 109,364. . . ."

"On the other hand, British emigration to Australia and New Zealand is developing itself during the 15 years from 1844 to 1858 in rapid strides. While the emigration to the

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North American Colonies reaches its climax in 1847, and that to the United States in 1851, the emigration to Australia and New Zealand stands on its apogee in 1853. From that time down to 1858 there is a continuous fall in the number of emigrants. . . ."

Marx, "Population, Crime and Pauperism", *N.Y.T.*, 16 September 1859, 6 AB, dated 23 August.

45. *Bullion Imports*

The 1851 gold discoveries in New South Wales, Victoria and California are mentioned. Since the new supplies of gold the metallic currency of Great Britain has doubled. California and Australia influence "the development of internal British commerce", but do not directly influence the circulation of metallic currency.

"The mass of gold entering the circulation in the shape of coin was therefore not determined by the import of gold bullion; but of the gold imports, a greater part was, on an average, absorbed into the inner circulation during the second epoch, because commercial and industrial pursuits had generally expanded; an expansion, however, which to a great extent may be traced to the working of the new gold countries."

Marx, "Manufactures and Commerce", *N.Y.T.*, 23 September 1859, 6 BC, dated 5 September.

46. *Australia-China Trade*

Marx cites and paraphrases an article in *The Economist*, 17 September 1859, dealing, *inter alia*, with the indirect effects on England of trade between China and Australia.

Marx, *N.Y.T.*, 10 October 1859, dated 20 September; *On China*, 80-81.

1860

47. *Gold and the Second Empire*

"It is indeed industrial prosperity which maintained Louis Bonaparte's regime for so long. French export trade had more than doubled thanks to the Australian-Californian discoveries and their effect on the world market, it had taken a hitherto

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unheard of upswing. In any case, the February revolution failed in the last instance because of California and Australia."

Marx, *Herr Vogt* (1860), Moscow, 1941, 135 n. cf. Marx, *N.Y.T.*, 7 February 1860, dated 17 January.

48. *Glutted Markets*

Comments on the latest statistics of the Board of Trade. In spite of a certain decline in cotton, exports to Australia show on the whole an increase in both volume and value. But the latest reports, from Adelaide to 26 April, complain about the continuation of surplus goods imported from England and about general speculation and cheating. There have already been various bankruptcies in Sydney, which included nine firms with debts of £stg 400,000. A just published report of Australian bankruptcies for the last 17 years shows that their number was three times as great in 1858 as in 1857 and that it increased by another 50 per cent in 1859, increasing by another 7 per cent till mid-April 1860.

Marx, *N.Y.T.*, 16 July 1860; cf. Marx, "British Commerce", *N.Y.T.*, 29 September 1860, 8 CD, dated 8 September; "The Crops in Europe", *N.Y.T.*, 6 September 1860, dated 21 August.

49. *Bullion and Gold Supplies*

"Some London papers fancy that the drain of bullion inseparable from large and sudden corn imports may be counterbalanced in its usual effect upon the money market by the gold supplies from Australia. No notion could be more preposterous. We witnessed, during the crisis of 1857, a lower ebb of the bullion reserves than in any similar epoch before the discovery of Australia and California."

Marx, *N.Y.T.*, 10 September 1860, 6 AC, dated 25 August.

50. *Cotton*

The decline of exports in September owing to the high price of cotton and cotton goods and its effects on the markets of Canada, East India and Australia.

Marx, *N.Y.T.*, 23 November 1860, dated 2 November. cf. Marx, "Economic Comments", *Die Presse*, 9 November 1861, dated 3 November; *Werke*, 15, 358.

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1861

51. *Gold and the Second Empire*

The financial position in France is analysed. The development of industry and agriculture, hence of the railway system, and the doubling of exports in the "imperialist decennium" are described. The rapid development of the credit system, only in its infancy in 1848, is sketched.

"All these developments did not spring from the command of the Emperor, but from the transformation of the world market since the gold discoveries in California and Australia." Marx, "The Financial Position of France", *Die Presse*, 23 November 1861, dated 19 November; *Werke*, 15, 378.

1862

52. *Trade with the U.S. and England*

"Since the outbreak of the Civil War, the American-Chinese trade, just as the American-Australian trade, has declined tremendously. But in so far as it is still carried on, it buys its freights mostly with English letters of credit, hence with English capital. Contrariwise, the English trade from India, China, and Australia, always very important, has increased further since the interruption of trade with the United States."

Marx, "French News Humbug — Economic Consequences of War", *Die Presse*, 4 January 1862, dated 31 December 1861; *Werke*, 15, 435.

53. *Protectionism*

The annual meeting of the Manchester Chamber of Commerce complains about the crisis in cotton exports. The major markets of Asia and Australia have a year's stock of English cotton goods.

"Generally, the meeting of the high dignitaries of British industry showed a bitter depression of spirits about the protectionist tendency which is extending further and further in the colonies, especially in Australia. The gentlemen forget that the colonies protested in vain for a century and a half against the 'colonial system' of the motherland. Then the colonies demanded free trade; England insisted on prohibi-

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tion. Now England preaches free trade, and the colonies find protection against England more in conformity with their interests."

Marx, "On the Cotton Crisis", *Die Presse*, 8 February 1862; *Werke*, 15, 463.

"If Russia continues with the giant strides of the last ten years in Asia, until she concentrates all her efforts on India, John Bull's world market will be finished, and its end is being further hastened through the policy of protective tariffs of the United States, which they will now certainly not surrender very soon, if only as a revenge against John. Moreover, John Bull is discovering with horror that his chief colonies in North America and Australia are becoming protectionists precisely to the same extent as John Bull is becoming a freetrader."

Marx to Engels, 6 March 1862, *Brev.*, III, 72.

54. *Growth of World Market*

In the course of an argument with Engels, on the rate of development of Chinese trade, Marx comments:

"It is true that Chinese trade, as compared with its status in 1852, has grown, but not at all proportionately to all markets since the Californian-Australian discoveries."

Marx to Engels, 6 March 1862, *Brev.*, III, 71.

1864

55. *Army in Australia, N.Z.*

A casual reference to the conditions of enlistment for infantry in China, India, St Helena and Australia and to the 2nd Battalion, 13th Regiment, stationed in New Zealand. Ten battalions are employed in the Maori War.

Engels, "The British Army", written early 1864, *Werke*, 15, 614 and (N.Z.) 606, 607.

1867

56. *Protectionism*

"As soon as the Irish are independent, necessity will turn them into protectionists, as it did in Canada, Australia, etc." Marx to Engels, 30 November 1867, *Brev.*, III, 543.

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1867 and later

## 57. Australia in "Capital" and "Theories of Surplus Value"

The first page reference is to *Capital* (Kerr), the second to *Capital* (F.L.P.H.).  
Vol. I

*Emigration*: "unexamined emigration from the English and Scotch agricultural districts to Australia and America. . . ." 294, n.2; 268, n.1.

*Wool*: Australia as example of a colonial producer of raw materials — wool — for the mother country, 493; 451.

*Glutted markets*: English cotton in Australia, 497-8; 455.

"*The modern theory of colonization*", Ch. 33, 838-48; 765-74.

*World Market and Periodical Crisis*

[Marx made a number of revisions and additions for the French translation of *Capital* by M. J. Roy, published in instalments between 1872 and 1875. He advised readers that this edition had a scientific value independent of the German one, and should be consulted even by readers familiar with German. The first (1887) English translation of *Capital*, edited by Engels, was based on the third German edition, for which Engels used some notes left by Marx indicating which passages of the second German edition were to be replaced by "designated passages" of the French edition. The passage below referring to Australia was not taken over, hence it does not occur in the English editions.]

i English edition (695; 633)

"The whole form of the movement of modern industry depends, therefore, upon the constant transformation of a part of the labouring population into unemployed or half-employed hands. The superficiality of Political Economy shows itself in the fact that it looks upon the expansion and contraction of credit, which is a mere symptom of the periodic changes of the industrial cycle, as their cause. As the heavenly bodies, once thrown into a certain definite motion, always repeat this, so it is with social production as soon as it is once thrown into this movement of alternate expansion and contraction. Effects, in their turn, become

causes, and the varying accidents of the whole process, which always reproduces its own conditions, take on the form of periodicity. When this periodicity is once consolidated, even Political Economy then sees that the production of a relative surplus — population — i.e., surplus with regard to the average needs of the self-expansion of capital — is a necessary condition of modern Industry."

ii French edition (Marx. *Le Capital*. Traduction de Joseph Roy. Entièrement révisée par l'auteur. Livre Premier. Tome Troisième, Paris, 1950, Editions Sociales, 77).

"The whole form of the movement of modern industry depends, therefore, upon the constant transformation of a part of the labouring population into unemployed or half-employed hands.

"As the heavenly bodies, once thrown into their orbits, describe them for an indefinite time, so social production as soon as it is once thrown into this movement of alternate expansion and contraction, repeats it through mechanical necessity. Effects, in their turn, become causes, and vicissitudes, at first irregular and apparently accidental, take on more and more the form of regular periodicity. But it is only from the period in which mechanical industry, having thrown its roots deeply, exercised a preponderant influence on the whole of national production; where, thanks to it, external trade began to surpass internal trade; where the world market successively attacked huge territories in the New World, in Asia and in Australia; where finally the industrial nations entering the lists were sufficiently numerous; it is only from this period that date the recurring cycles whose successive phases embrace years and which always end in a general crisis, the end of one cycle and the starting point of another. Up to now the periodical length of these cycles is ten or eleven years, but there is not the slightest reason for assuming this figure as constant. On the contrary, from the laws of capitalist production as we have developed them, one must infer that it is variable and the period of cycles will gradually shorten.

"Once the periodicity of industrial vicissitudes is obvious to all, there will also be economists ready to maintain that capital cannot exist without its reserve army, formed by the *infima plebs* of supernumeraries."



Vol. II, cf. Extract 62.

Indian exports of rice to Australia, etc. 159, n.16; 140, n.16.

Vol. III

Gold inflow from Australia: effect on money capital, 589-90; 490.

Gold mines of Australia, etc.: effect on supply of precious metals, 664, 664n. 106; 552, 552n. 14.

Indian-Australian trade: 669, n.108; 557, n.16.

Indian exports to Australia: effects on rate of exchange, 679; 565.

Australian banks and English capital, remittances to England, 694; 577. cf. indirect reference, 807; 674.

Vol. IV: *Theories of Surplus Value*. (MS. written 1861-63)

*The mode of production in "colonies proper"*

Marx analyses the prerequisites for the existence of "absolute ground rent" which are, briefly: the existence of developed capitalist production; the existence of property in land which is not confined to a legal title but in fact offers resistance to capital, trying to limit its field of action, and which permits it room for development only under certain conditions.

The theoretical conditions under which there would be no "absolute ground rent" are worked out. These are approximated in the colonies, even when landed property exists legally in them, in so far as land is granted free or even where it is sold very cheaply. He then goes on to a discussion of the case in two types of colonies: "plantations" and "colonies proper, such as in the U.S.A., Australia, etc." On "colonies proper" he remarks:

"Here the mass of agricultural colonists, in spite of the fact that they bring with them more or less large amounts of capital from the home country, is not a *capitalist class*, and neither is their production *capitalist*. They are more or less self-working peasants (1) to whom at first the most important thing is to produce their *own means of subsistence*, their means of subsistence, (2) whose main production therefore does not become a *commodity* and is not destined for trade. (3) They sell the surplus of their products, above their own consumption, exchange them against imported manufactured commodities, etc. The other, smaller part of the colonists, near the sea, navigable rivers, etc., form trading cities. Here,

too, there can be no question of capitalist production. Even when the latter is formed by and by, so that the sale of his products and the profits which accrue to him from such a sale become decisive for the self-working and self-owning farmer (4), as long as the soil still exists in its elementary abundance in relation to Capital and Labor, hence as a practically illimited field of action, (5) the first form of colonization still takes place continuously, and production hence will never be regulated according to the needs of the market—at a given market value. All that which the colonists of the first type produce *above* their immediate consumption, they throw on the market, and sell it at any price which returns them more than wages. They are and remain for a long time competitors of the farmers (6) who already produce more or less capitalistically, and thus they keep the market price of agricultural products constantly *below* its value. The farmer (7) who hence (8) occupies soils of the worst kind will be very satisfied if he makes an average profit through the sale of his farm (9), if he is compensated for the capital invested, which in a great mass of cases is not the case. Here, therefore, two important circumstances compete with each other: capitalist production in agriculture does not as yet exist; secondly, though existing legally, landed property in fact only exists sporadically, in reality only land ownership exists. Or, in spite of the legal existence of landed property, it is—given the *elementary* relation of the soil to Labor and Capital—still incapable of offering resistance to Capital, of transforming agriculture into a field of action (10) which offers specific resistance to the *employment of capital*, in distinction to the not agricultural industry (11).

Marx, *Mebrwert* (1959), 292-3; minor text differences in *Mebrwert* (1921), 70-72; cf. *Capital* (Kerr), III, 877-78; F.I.P.H., 738-39.

(1) "more . . . peasants" in English; (2) "*ihren eigenen Unterhalt*, their means of subsistence"; (3) "trade" in English; (4) "illimited fields of action" in English; (6) "farmers" in English; (7) "farmers" in English; (8) 1921 text would read: "The farmer who there occupies . . ."; (9) "farm" in English; (10) "field of agriculture" in English; (11) "not agricultural industry" in English. cf. S. F. Bloom, *The World of Nations*, New York, 1941, 174-77.

1871

58. *World Market and Bonapartism*

Bonapartism pretends to rest on the peasantry, the producing majority of the nation, who apparently stand outside the class struggle of capital and labor. It used the power of the state as a power apparently standing above the ruling and the ruled classes, imposing an armistice on both. It robbed the power of the state of its open expression of class despotism through breaking up the parliamentary power. It was the only possible form of the state which could secure a temporary reprieve to the old social order. The whole world admired it as the "saviour of order" and it was admired by the slave-holders of the whole world.

"Under its domination, which coincided with the changes in the world market brought about by California, Australia, and the astonishing development of the United States, there began a hitherto unknown period of industrial activity, an orgy of stock exchange speculation, of financial swindles, of adventures of (limited liability) companies — all of which led to a rapid centralization of capital through the expropriation of the middle classes and enlarged the gap between the capitalist class and the working class."

Marx, "The Civil War in France", second draft, May-June 1871, *Werke*, 17, 594-95.

1872

59. *Housing and Revolution*

"And will the troglodyte with his cave, the Australian with his clayhut or the Indian with his own hearth ever accomplish a June insurrection or a Paris Commune?"  
Engels, "The Housing Question", *S.W.*, I, 511.

1878

60. *Role of Landed Proprietors*

"In Australia and New Zealand, all the attempts made by the British government to establish artificially a landed aristocracy came to nothing. . . . If we except the tropical and sub-tropical countries, where the climate makes agricultural labour impossible for Europeans, the large landlord who sub-

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jugates Nature by means of his slaves or serfs and brings the land under cultivation proves to be a pure figment of the imagination."

Engels, *Herr Eugen Dühring's Revolution in Science*, (*Anti-Dühring*), Moscow, 1947, 265.

1882

61. *The Future of Colonies*

"You ask me what the English workers think about colonial policy. Well, exactly the same as they think about politics in general: the same as the bourgeois think. There is no workers' party here, you see, there are only Conservatives and Liberal Radicals, and the workers gaily share the feast of England's monopoly of the world market and the colonies. In my opinion the colonies proper, i.e., the countries occupied by a European population, Canada, the Cape, Australia, will all become independent; while the countries which are merely subjugated and occupied by natives, India, Algeria, the Dutch, Portuguese and Spanish possessions, must be taken over temporarily by the proletariat and must be led as rapidly as possible towards independence. It is difficult to say how this process will develop. India will possibly, indeed very probably, make a revolution, and since a proletariat in the process of self-emancipation cannot conduct any colonial wars, one would have to let it be; which naturally would not occur without all sorts of destruction, but such things are inseparable from all revolutions. The same thing might also happen elsewhere, e.g., in Algeria and Egypt, and would certainly be the best thing *for us*. We shall have plenty to do at home. Once Europe and North America are re-organized, that will furnish such colossal power and such an example that the semi-civilized countries will of themselves follow in their wake; economic needs will see to that. But as to what kind of social and political phases these countries will then have to pass through before they likewise arrive at socialist organization, on that point I think we today can only advance pretty idle hypotheses. One thing alone is certain: the victorious proletariat can force no blessings of any kind upon any foreign nation, without thereby also undermining its own victory. This naturally does not at all exclude defensive wars of various kinds."

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Engels to Kautsky, 12 September 1882, *Kautsky Br.*, 63; cf. the translation in *On Colonialism*, 306-7.

1883

62. *Decennial Crisis, Gold, and World Market*

"Your conception of the state of business is confirmed in England, France and America. It is an interim crisis, as that of 1841-42, but on a much more colossal scale. The ten-year cycle in any case has clearly developed only since 1847 (owing to the Californian and Australian gold production and with it the complete formation of the world market). Now, when America, France, Germany, begin to break England's monopoly of the world market and where hence once again overproduction, as before '47, begins to have a more rapid effect, now the five-yearly interim crises also start once more. Proof of the total exhaustion of the capitalist mode of production."

Engels to Bebel, 10-11 May 1883, *Bebel Br.*, 80.

63. *New Guinea and Slave Trade*

"Here is a striking new example of the existence of the slave traffic in the South Seas: the attempted annexation of New Guinea, etc., by Queensland was designed directly for the slave trade. On nearly the same day as the annexation expedition left for New Guinea, a Queensland ship, the *Fanny*, also left for New Guinea and for the islands east of it to kidnap labor, but returned without it and with wounded on board and other unpleasant signs of battle. The *Daily News* reports this and remarks in an editorial that Englishmen could scarcely rebuke the French for practices of that kind as long as they did the same! (Beginning of September)."

Engels to Kautsky, 18 September 1883, *Kautsky Br.*, 83.

The schooner *Fanny*, from New Ireland, put in to Townsville on 3 July — a day after the news reached Australia that the British Government had refused to confirm the attempted annexation of New Guinea. Her captain and the Government agent had been severely wounded by the natives; her interpreter killed. However, the Brisbane correspondent of the *Sydney Morning Herald* claimed that she had "recruited 129 natives in five days". S.M.H.,

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4 July 1883, 7e. The *Daily News* sub-editorial is in the issue of 12 September.

1884

64. *Aboriginal "Group Marriage"*

Description and analysis of "group marriage" among Australian aborigines.

Engels, "The Origin of the Family, Private Property and the State", S.W., II, 185-89; cf. also the preface to the 4th (1891) edition.

Engels' account is based on Lewis H. Morgan's *Ancient Society*, London, 1877. Morgan used the researches of Lorimer Fison and A. W. Howitt, and wrote an introduction to their book, *Kamilaroi and Kurnai*, Melbourne, 1880. Part of the Fison-Howitt correspondence with Morgan was published by B. J. Stern in the *American Anthropologist*, 1930. Marx had originally intended to evaluate the work of Morgan, and Engels used Marx's notes and summary of *Ancient Society*. For a defence of Morgan-Engels evolutionism with reference to this issue, cf. Jagara, *Frederick Engels, Lewis Morgan and the Australian Aborigine*, Sydney, n.d., and cf. Engels "on the Pre-History of the Germans", 1881-82, *Werke*, 19, 425.

1886

65. *Crises, Chinese Emigration*

Periods of prosperity of more than six months are over. The opening up of China might help — but only for six months. The decennial cycle of crises has been broken by the destruction of England's monopoly of the world market, and by the new means of communication: the electric telegraph, railways, the Suez Canal, the replacement of sailing ships by steamers.

"If now China, too, is opened up, then not only is the last safety valve closed, but also there will occur such a colossal Chinese emigration that this alone will bring forth a revolution in the conditions of production of the whole of America, Australia, India and perhaps will even affect Europe — if things here remain as they are till then."

Engels to Bebel, 18 March 1886, *Bebel Br.*, 131.

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1888

66. *Gold Discoveries and British Commerce*

"The unparalleled expansion of British manufactures and commerce between 1848 and 1886 was no doubt due, to a great extent, to the removal of the protective duties on food and raw materials. But not entirely. Other important changes took place simultaneously and helped it on. The above years comprise the discovery and working of the Californian and Australian goldfields which increased so immensely the circulating medium of the world; they mark the final victory of steam over all other means of transport; on the ocean, steamers now superseded sailing vessels; on land, in all civilized countries, the railroad took the first place, the macadamized road the second; transport now became four times quicker and four times cheaper. No wonder that under such favourable circumstances British manufactures worked by steam should extend their sway at the expense of foreign domestic industries based upon manual labor. But were other countries to sit still and submit in humility to this change, which degraded them to be mere agricultural appendages of England, the 'workshop of the world?'"

Engels, "Introduction" (to Marx's 1848 address on "Free Trade"), *On Colonialism*, 236. cf. the effects of the "golden treasures", etc., on the German bourgeoisie. Engels, "The Role of Force in History" (1887-88), *Werke*, 21, 451.

1889

67. *The London Dock Strike*

The victory of the workers in the London dock strike is "the greatest event in England since the last two reform bills. The £14,000 from Australia decided the victory: by this means the Australian workers ward off a sudden mass importation of English workers."

Engels to Kautsky, 15 September 1889, *Kautsky Br.*, 248.

Engels saw the dock strike both as a struggle between bourgeoisie and proletariat, and as a sign that the English proletariat was taking over the mission of the bourgeoisie to fight for technical progress. In the past, the English bourgeoisie had been a much more intelligent ruling class than the German or French

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one, but this was changing. It now lacked the energy to get rid of the medieval constitution of the port and city of London, the main cause of the decline of London's harbour trade. In the dock strike, the proletariat was thus fighting both its own battle and, indirectly, that of the bourgeoisie. "This is the secret of the sympathy of the public with the strike, and of the up to now unprecedentedly generous financial contribution from bourgeois circles." Engels, "The Abdication of the Bourgeoisie", *Der Sozialdemokrat* (London), 5 October 1889.

The figure of £14,000 refers to early Australian contributions. The total has been estimated variously as: "No less than £30,000" (H. Pelling, *The Origins of the Labour Party, 1880-1900*, London, 1954, 87); as £38,000 (T.U.C. *Annual Report*, 1890, q. J. H. S. Reid, *The Origins of the British Labour Party*, Minneapolis, 1955, 41); and as £31,000 (E. W. O'Sullivan, extract in R. N. Ebbels, *The Australian Labor Movement, 1850-1907*, Sydney, 1960, 201).

1891

68. *Federalism and Local Self-Government in the Unitary Republic*

In Germany, the form of state must be tied neither to the existing small states with their special privileges, nor to the special Prussian influence. Socialists there should demand a unitary Republic. Given her huge size, federalism is, by and large, still necessary in the United States, although it is already becoming an obstacle in the East. In England, with four nations, and in spite of a single Parliament and three legal systems, federalism would be progressive. In Switzerland it has become an obstacle. For Germany it would be a tremendous step backwards. A (Con)federation (Bundesstaat) is distinguished from a unitary state by each (con)federated state having its own legislative power in civil and criminal matters, and having its own judicial administration, and by the existence side by side with the popular chamber, of a house of states in which each unit votes as a state, regardless of size. Germany has fortunately overcome the first feature, while the second exists in the Council of States (Bundesrat) and we could do well without it. In any case this council already forms a transition to the unitary state. We must not

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reverse the revolution of 1866 and 1870 from above, but must give it the necessary completion and improvement through a movement from below.

"Hence a unitary Republic. But not in the sense of the existing French one, which is nothing but the Empire founded in 1789 — without an Emperor. From 1792 to 1798 each French Department, each Commune (Gemeinde) had complete self-government on the American model, and that we must have too. How self-government has to be worked out and how one can manage without bureaucracy, America and the first French Republic have shown us, and today is still shown in Australia, Canada, and the other English colonies. And such a self-government of the provinces and communes is much more free than, for example, Swiss Federalism, where each Canton, it is true, is very independent *vis-à-vis* the Federation, but also *vis-à-vis* the district and commune. The cantonal government appoints district administrators and prefects, something which is unknown in English-speaking countries, and which we, thank you kindly, want to avoid in the future as much as [we want to avoid] the Prussian rural and state councillors."

Engels, "Critique of the Social-Democratic Draft Program, 1891". Written about June 1891. In: Karl Marx, *Kritik des Gothaer Programms*, Berlin, 1955, 84-85. cf. Engels' note to the 1885 edition of the "Address to the Communist League", *Werke*, 7, 252-53n.

1892

69. Colonial Markets

"The revival of trade, after the crisis of 1847, was the dawn of a new industrial epoch. The repeal of the Corn Laws and the financial reforms subsequent thereon gave to the English industry and commerce all the elbow-room they had asked for. The discovery of the Californian and Australian goldfields followed in rapid succession. The colonial markets developed at an increasing rate their capacity for absorbing English manufactured goods."

Engels, "Preface" to *The Condition of the Working-Class in England in 1844*, 11 January 1892, S.W., II, 369.

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70. Chinese Emigration

China is the "last new market which could bring on a temporary revival of prosperity" for English capital, which hence insists on the construction of railways. But these will destroy the whole basis of Chinese agriculture and domestic industry and "hundreds of millions of people will be placed in the impossibility of living."

"The consequences will be a wholesale emigration such as the world has not yet seen, a flooding of America, Asia and Europe by the hated Chinaman, a competition for work with the American, Australian and European workman on the basis of the Chinese standard of life, the lowest of all — and if the system of production has not yet been changed in Europe before that time, it will have to be changed by then." Engels to N. F. Danielson, 22 September 1892. "Letters of K. Marx and F. Engels to N. Danielson, 1868-1895", British Museum, Additional MS. 38075, *On Colonialism*, 311.

1893

71. Australian Social-Democrats

"We have our people in the prisons of Siberia, we have them in the gold mines of California, everywhere right up to Australia."

Engels, "Speech at Vienna", 14 September 1893, Victor Adler's *Aufsätze, Reden und Briefe*, I: *Victor Adler und Friedrich Engels*, Vienna, 1922, 74-75. By 1890 at the latest, there was a "Sozialistischer Verein 'Vorwärts'" in Melbourne, in contact with people in Adelaide and Brisbane. They contributed articles to the German Social Democratic press and sent contributions to election funds.

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## APPENDIX I

### MARX'S SOURCES ON AUSTRALIA

The "private letters from Port Philip" mentioned by Marx seem to be journalistic licence. Marx's information, except in special cases such as his reliance on the *Argus* for Eureka, came from the daily press and *The Economist*. He cites the following works in connection with references to Australia:

Henry Brougham, *An Inquiry into the Colonial Policy of the European Powers*, Vol. II, Edinburgh, 1803; *Capital* (Kerr), I, 883.

C. Gavan Duffy, *Guide to the Land Law of Victoria*, London, 1862; *Capital*, I, 848.

Government School of Mines and Sciences Applied to the Arts: *Lectures on Gold* for the instruction of emigrants about to proceed to Australia. Delivered at the Museum of Practical Geology, London, 1852. This is cited for technical details on the properties and production of gold. *K.P.F.* (Draft), 93-95, 884, 896-97.

William Howitt, *Colonization and Christianity*: a popular history of the treatment of the natives by the Europeans in all their colonies, London, 1838. *Capital*, I, 824.

Herman Merivale, *Lectures on Colonization and Colonies*. Delivered before the University of Oxford in 1839, 1840 and 1841. 2 vols. London, 1841-42. Marx read and extracted this work in London, about August-September 1851, *K.P.F.* (Draft), 717-18, cf. 966, and refers to it in *Capital*, I, 695, 844.

The Marx-Chronik mentions, without detail, that Marx read three articles on Australia in 1880. (Marx-Engels-Lenin Institut, *Karl Marx*: Chronik seines Lebens in Einzeldaten, Moscow, 1934, 375.) These were:

Richard Bennett, "Some Account of Central Australia", *The Victorian Review*, 1(3) January 1880, 423-26; 1(4) February, 587-92; 1(6) April, 928-34. Part I is a geographical sketch, stressing that with irrigation the region can be cultivated and support a large population. Part II is a plea for the substitution of artesian wells for the common shaft well. Part III describes the aborigines.

*Marx & Engels on Australia & N.Z. 1847-93: A Chronology*

The Editor (H. M. Franklyn), "The Commercial Future of Australia", *ibid.*, 1(4) February 1880, 660-73; 1(5) March, 893-98. Criticises the view that Australia should grow more wheat and corn and cultivate less beef and mutton; makes comparisons with the U.S.A.

Carl A. Feilberg, "The Future of North-Eastern Australia", *ibid.*, 1(5) March, 699-711. White men in tropical regions will endeavour to do without coloured labour, there is no reason why they should lose their energy in the tropics.

Marx was then working on the second volume of *Capital*, but it is unlikely that he wanted to make any major reference to Australia. In 1880-81 he intended rather to study the industrial development of California and use the results in that volume (Marx to Sorge, 5 November 1880; Marx to Danielson, 19 February 1881). He may have read the Bennett article in connection with his work on Lewis Morgan, which took place in 1880. By 1880 Marx was aware that he would not finish the second and third volume of *Capital* and read widely as a form of escape.

## APPENDIX II

### MARX ON EDWARD GIBBON WAKEFIELD

The best-known reference to Australia by Marx is his discussion of E. G. Wakefield's theory of colonization, in Chapter 33 of the first volume of *Capital*. This has been adequately analysed by H. O. Pappé, in his "Wakefield and Marx" (*Economic History Review*, 2nd series, 4, 1951, 88-97). It is less well-known that Marx's interest in Wakefield dates back to 1851. Historians of economic thought might be interested in a note which brings together Marx's marginal comments on Wakefield and shows the use Marx made of his works.

At the end of 1850 Marx resumed his economic studies. In 1851 he read and made extensive extracts on subjects such as ground rent and money; population and means of subsistence; and colonies, i.e., Wakefield and Merivale. In August 1852 he attempted, without success, to interest the German editor Brockhaus in a projected review of English literature from 1830-52, which was to cover general works, population, colonies, banks, protection and free trade.<sup>1</sup>