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PRIMARY ACCUMULATION: THE GENESIS OF AUSTRALIAN CAPITALISM¹

KEN BUCKLEY

In times long gone by, there were two sorts of people: one, the diligent, intelligent, and above all, frugal elite; the other, lazy rascals, spending their substance, and more, in riotous living . . . Thus it came to pass that the former sort accumulated wealth, and the latter sort had at last nothing to sell except their own skins. And from this original sin dates the poverty of the great majority that, despite all its labour, has up to now nothing to sell but itself, and the wealth of the few that increases constantly although they have long ceased to work.²

THUS MARX ADOPTED the phrases of a religious fairy tale to pour scorn on the crude apologists for property of his own time. The defendants of property a century later have not changed their basic explanation of its origin. The clichés have been modified, of course: nowadays, we hear of entrepreneurial attitudes and skills, initiative, innovation and so on—nothing so coarse as conquest, robbery and force.

Capitalism presupposes the existence of a proletariat. For capitalist accumulation to work, two different kinds of people must be brought together, first in the market and then in the production process. There must be, as Marx wrote, 'on the one hand, the owners of money, means of production, means of subsistence, who are eager to increase the sum of values they possess by buying other people's labour-power; on the other hand, free labourers, the sellers of their own labour-power, and therefore the sellers of labour. Free labourers, in the double sense that neither they themselves form part and parcel of the means of production, as in the case of slaves, bondsmen, etc., nor do the means of production belong to them, as in the case of peasant-proprietors'.³

Since the historical establishment of these fundamental conditions, the capitalist system has maintained the separation of the labourers from ownership of the means of production and has reproduced that

separation on a continually extending scale. This was notably so in the nineteenth century, when there was a rapid increase in population growth in Europe and America. Yet initially the creation of a proletariat was due not so much to a natural increase in numbers as to an institutional process in which force and the use of state power played major roles. For capitalism to develop, the small peasant had to be divorced from landholding and transformed into a 'free' labourer.

To Marx, this early process was the crux of primary accumulation—an original stage of capital when a bourgeois class concentrated property into fewer hands, partly at the expense of the old landowning elite but mainly through the dispossession of the peasantry. In the process, capital and labour matured jointly, capitalists employing the newly-created free labourers. However, investment in industry on any considerable scale was not attractive until a sizable body of such labour was available for hire. In the interim, there was a long period of primary accumulation which in the classic case of England extended from the sixteenth century to the Industrial Revolution.

Much has been written on the complex subject of land enclosures in this gestatory period and about the more subtle ways by which small producers were divorced from their land—through such factors as the disintegrating effects of production for a market and the burden of usury and taxes. It is also well known that 'the rosy dawn of the era of capitalist production' was linked with the plundering of Africa, Asia and the Americas (the slave trade, sugar and tobacco plantations and similar activities). This part of the story makes it plain that 'the methods of primitive accumulation were anything but idyllic'.⁴ Nevertheless, while the nabobs of the East Indies or the sugar planters of the West Indies were undeniably rapacious and brutal, it is possible by sleight of hand to regard them as exceptions to the general run of merchants in their counting houses. Merchants had always existed, their origins lost in time. Some prospered, others declined, as they pursued their aim of buying cheaply in order to sell at a higher price. The flux of individual fortunes in Europe, coupled with inadequate records, does not provide a very firm basis for generalisations about the origin of mercantile property in the period of primary accumulation, although it is fairly evident that few rich men started without either capital or influential connections.

On the face of it, the early history of the colonisation of Australia has little relevance to the Marxist concept of primary accumulation. The first settlement, at Port Jackson in 1788, was made at a time when the Industrial Revolution was well under way in Britain. The imperial country's era of primary accumulation was largely over: a proletariat already existed in critical numbers. Indeed, in an important sense the development of capitalist industry and urbanisation in Britain was responsible for the establishment of the colony of New South Wales, for

these processes in Britain (together with a rapid increase in population) were accompanied by an increase in crime—or at least in the types of offence, such as housebreaking and burglary, which led to sentences of transportation. Earlier in the eighteenth century, the North American colonies had been the dumping ground for Britain's transported criminals, but when those colonies achieved independence in the 1770s a new disposal area had to be established. Botany Bay was chosen primarily for that purpose.

Thus New South Wales was a gaol. Because of its unique origin, it had no capitalist class, no free labourers, and no peasantry. All land was taken in the name of the crown. If there was initially no peasantry for an incipient bourgeois class to dispossess, it is equally true that there was no aboriginal population to despoil, except of its traditional hunting grounds: aborigines had no material possessions worth seizing and their culture was so different that they could not be forced or persuaded to work regularly for the white settlers.

Given the new colony's organic connection with Britain, it was inevitable that a capitalist economy would develop after the first few years of struggle for sheer survival. Free labourers came into being and so did a peasantry. Yet the early circumstances could not have seemed very propitious for a capitalist. In fact, for more than a decade nobody brought a substantial amount of capital into the colony with him. Not till the 1820s were there appreciable numbers of such immigrants. Nevertheless, quick fortunes were made in the first few decades, and New South Wales provides an ideal field for study of the ways in which it could be done. Thrift and abstinence, the economists' traditional explanation, had nothing to do with it. The essentials were social status and connections, which entailed access to modest amounts of initial capital, plus a certain degree of intelligence or low cunning. Luck played a part and ruthlessness was another useful attribute, especially in the case of ex-convicts who started with nothing but were able to make their first gains through petty trading which was beneath the dignity of their social superiors.

The picture can be described with unusual clarity in New South Wales, partly because it was such a small community and it started from scratch. The First Fleet transported about 730 convicts and 250 marines and officials and their families. Five years later, the total white population had risen to 4,000 (including those on Norfolk Island), but the figure for the mainland was still below 5,000 in 1800. Then there was a rise to some 10,500 in 1810 (plus 1,300 in Van Diemen's Land), followed by a sharper growth to 30,000 (plus 7,000 in Van Diemen's Land) in 1820. Only from 1814 did the number of convicts transported each year rise into the thousands. In this microcosmic society, the members of the ruling class knew and commented upon each other. They were small in number—for example, there were about thirty officers and officials who were landowners in

1800—and they were remarkably quarrelsome and prone to litigation. The historian benefits from surviving records.

A handful of free farmer-settlers arrived in the 1790s but they, like the ex-soldiers who remained in the colony, were of no particular significance. They had no capital, they were given small land grants and little more is known about them. The important elements in the population were the convicts—and, as time passed, the ex-convicts—and those set in authority above them: the Governor and his officials, and the officers of the New South Wales Corps which replaced the marines as a guard force in 1790. Although it is customary to refer to the officers of the 'Rum' Corps as a collective *élite*, it should be noted that the civilian officials were practically indistinguishable from them in their economic activities. In fact, some officials, especially those who ran the commissariat, were in key positions for the advancement of their own and colleagues' interests. Officers and officials together formed a tight group controlling the state machine—military, administrative and judicial—in the colony. Nominally, the Governor had absolute power (subject to instructions from distant bureaucrats in London) but in practice he was generally unable to exercise such power in ways which conflicted with the interests of the ruling group through which alone could orders be made effective.

None of the officers and officials were wealthy at the outset. They were dependent upon their salaries which in the case of the officers ranged from about £80 a year for a lieutenant to £171 for a captain and £257 for a major. Among the officials, Commissary Palmer, whose salary was second only to the Governor's, received £448 per year. These were hardly the kind of incomes from which substantial savings could be made for investment purposes. It seems doubtful whether any of these men had more than a few hundred pounds to his name when he arrived in the colony. John Macarthur is said to have arrived as a lieutenant £500 in debt and to have transformed this into a fortune of at least £20,000 in the space of eleven years. The latter sum should not be taken too literally, for it was an estimate by a hostile critic, Governor King. However, King was undoubtedly correct in adding that Macarthur's main efforts in that short period were devoted to 'making a large fortune, helping his brother-officers to make small ones'. It is a fact that by 1800 Major Foveaux owned (in addition to his land) more than one thousand sheep which, because of his transfer to Norfolk Island, he sold to Macarthur for £2,000. Clearly, neither officer had done badly out of a few years' guard duty in a penal settlement.

The reference to Macarthur having originally arrived in debt may be related to no more than the common practice whereby officers invested a little capital in the purchase of goods to be transported with them for speculative sale in the colony. Meagre salaries did not mean that officers were penniless—at the very least, they needed social

connections to obtain a commission in the first instance, even in such a low-rated military unit as the New South Wales Corps. Macarthur's whitewashing biographer, M. H. Ellis, argues that the Corps and its officers were basically no different in quality from other British regiments of the time. The argument is difficult to swallow—and if true it reflects no credit on those other regiments. Nearer the mark is Coghlan's comment that 'this corps was raised, and a few enterprising spirits, many of whom had never served before, were found willing to accept commissions, with the view not so much of military service as of obtaining grants of land and making their fortunes in the colony'.⁵ Coghlan's judgment is in accord with the note which Elizabeth Macarthur wrote to her mother before embarking from England for New South Wales, 'from which we have every reasonable expectation of reaping the most material advantages'. In this sentiment she undoubtedly took a cue from her husband, John Macarthur, whose eye for profit and personal advancement was most acute.

Macarthur's father was a draper in Plymouth and the son may have been early apprenticed to that trade—which would account for his being lampooned by enemies in the colony as 'Jack Boddice', a stay-maker's apprentice. Whatever the truth of the sneer, Macarthur's origins, like those of his social peers in the colony (and despite the airs which they assumed), were lower middle class. The one possible exception, in background though not wealth, was D'Arcy Wentworth, who was related to the aristocratic Fitzwilliams of Yorkshire. However, Wentworth was clearly the black sheep of the family and might be regarded as essentially the progenitor of the remittance man: after being tried several times at the Old Bailey on charges of highway robbery, he thought it advisable to go to Botany Bay as an assistant surgeon. Family influence may have played a part in his four acquittals at the Old Bailey. Certainly, it was preferable to go to Botany Bay as a free man—and part of the Establishment—than as a convict. Splitting skulls was more congenial work than breaking stones.⁶

It is interesting to note the prevalence of surgeons in the colonial establishment. Some, like William Balmain, had received their training in the navy; others travelled as civilian surgeons on convict transport ships and then remained in New South Wales. Surgeons in the armed forces did not rank as commissioned officers. Rather, they were warrant officers, their profession not having attained full respectability as yet. Not until 1745, when the Company of Surgeons was incorporated in London, had they separated themselves from barbers; and the surgeons received a charter and transformed themselves into the Royal College of Surgeons as late as 1800. Surgeons then were drawn from much the same lower middle class as officers of the NSW Corps. George Bass' father, for example, was a prosperous tenant-farmer in Lincolnshire.

Yet although surgeons had not attained the social status and prestige of their twentieth-century successors, they were no less concerned to

make money. In the colony of New South Wales they were so involved in economic activities that it is difficult to see how they found time for the medical duties for which they received salaries. Thus Thomas Jamison, who arrived as a surgeon's mate in the First Fleet, was heavily engaged in trade in wheat, pork and sandalwood in the 1790s and later. He amassed a capital of some £4,000 by 1800; and his son and heir, Sir John Jamison, was one of the biggest landowners in the colony in the 1820s and 1830s.

George Bass, naval surgeon, is renowned in Australian history for his maritime explorations southwards from Sydney in 1797-8. Soon after this, according to his biographer, he suffered from a 'severe and chronic affection, probably corneal ulceration', as a result of which he secured his release from the navy on medical grounds.⁷ The truth of the matter is that, as is clear from Bass' private correspondence, he was much more excited by the prospect of commercial gain than by his naval responsibilities. Bass had virtually no capital but he formed a secret partnership with Thomas Jamison, who was well supplied with funds by that time. The two agreed that Bass should go to London, outfit a ship there with goods for speculative sale, and return with them to the colony. A prerequisite, of course, was for Bass to free himself from commitments to the navy. He told Jamison in a letter dated 3 April 1799 that if his naval vessel *Reliance* did not leave the colony within the next six months, 'I shall most certainly be sick and make the best of my way home in a whaler that no time be lost'. A little later, on 27 May 1799, Bass wrote again to Jamison: 'I have quitted the *Reliance*, invalided. Behold me embarked in trade'.⁸

Incidentally, Bass' keenness to get out of the navy provides an ironic commentary upon Professor Manning Clark's statement that every English success in the revolutionary wars against France, such as Nelson's victory at the Nile in 1799, was greeted in New South Wales 'with relief and joy'.⁹ Bass wrote irritably on 17 February of that year, 'This blasted Pitt's war will surely be upon the close by the time of our return to Europe'. The war threatened to interrupt Bass' commercial plans: the 'narrow patriotism' to which Clark refers was very shallow in the case of those whose money-making activities were at stake.

There was a close similarity in origins between the embryo capitalists of New South Wales and the new industrial capitalist breed in Britain. Dobb points out that in the Industrial Revolution in England, although the capital to finance the new technique came mainly from mercantile sources, 'the personnel which captained the new factory industry and took the initiative in its expansion was largely of humble origin, coming from the ranks of former master craftsmen or yeoman farmers with a small capital which they increased by going into partnership with more substantial merchants'. However, it was 'rare for a man to rise unless he had some capital at the outset'.¹⁰ The officers, surgeons and other officials of NSW would never have acknowledged that their

social origins were relatively humble and they had no interest in factories and machinery—instead, they dreamed of joining their social superiors 'at home' by becoming lords of large estates—but in fact they possessed the basic vigour, greed and ambition of the petty bourgeoisie. Their problem was that of how to expand very small capitals into large ones in a short space of time.

Initially, their hopes rested on the prospect of being able to obtain large grants of land from the crown and developing broad acres with labourers and tenant-farmers. This remained the long-term aim but its immediate achievement was not feasible. There were several reasons for this. One was that at first the only source of labour available was convict—cheap but in limited supply and inefficient, especially in the case of convicts from London slums. Second, it took a considerable time to prepare virgin land for farming. Trees had to be felled and the land cleared by axes and hoes—there were no ploughs. Furthermore, there was not much land suitable for arable farming around Sydney before the alluvial soil of the Hawkesbury area was occupied from 1794. Third, the market for agricultural produce was very limited: the colonial population was tiny and exports were out of the question.

In any case, no land grants were made to officers until 1793. Before this, Governor Phillip allowed officers the use of small plots of ground with two convict servants each to cultivate them, but Phillip's original instructions from London did not permit him to make land grants to anyone other than emancipated convicts—on a scale of thirty acres for an unmarried and fifty for a married man, plus ten acres for each child in a family. In 1790, Phillip was authorised to make land grants to ex-marines wishing to settle in the colony, at the rate of eighty acres for a private and 130 for an NCO. However, although Phillip wrote to London asking for permission to make grants to civil and military officers—and he implied that this would be effective only when they ceased to be officers—specific authority to make such grants was not received in the colony until after Phillip had left.

It was a penal colony, not one of the traditional sort. To the British government, the obvious way of keeping costs down was for the Governor to develop public agriculture, using convict labour and regarding the end product as a 'public stock'. In effect, the convicts would produce food for themselves and their gaolers. The provision for making land grants to ex-convicts was simply a device to cope with the immediate problem of what to do with such men. The last thing the British government wanted was for them to return home after their period of servitude. So they were offered land grants, together with a few primitive tools, seeds, and enough subsistence by way of rations to keep them going until they were able to raise a crop. In this way, as an incidental effect rather than by deliberate design, a peasantry was created.

Although the officers importuned the Governor for land grants at

the outset in 1788, they probably did not feel particularly disappointed at having to wait several years, for it was soon evident that the returns from farming were very low. The relative failure of harvests in Sydney, together with shortage of supplies coming into the colony by sea (though the continued arrival of convicts meant the necessity to feed more people) entailed near-famine conditions in the first four years. Rations were drastically reduced to a point where convicts were too weak to do much work and it was questionable whether the colony would survive. Apart from small windfall gains made by officers who brought commodities with them to the colony, it seems likely that the only people who profited in this period were the ships' contractors in Britain who transported convicts. These contractors were initially paid by the government a flat rate of about £17 per convict embarked—a system which paid a premium upon poor provisions, and indeed deaths, on the voyage.

Yet it was precisely comparable conditions of an isolated and hungry market which had been the basis for the accumulation of merchant capital in medieval times and later. It was the very lack of development of markets, the simultaneous occurrence of a glut in one and a shortage in another, which gave merchants an opportunity to buy cheap and sell dear. Theoretically, such a situation invited the participation of more and more merchants, with the effect of lowering the average rate of profit, but such ideal conditions of competition were inhibited by poor communications and by various regulations fencing in a particular market against outsiders. In these ways merchant capital was able to influence the terms of trade to exploit producers and consumers.

For a decade or so there were no professional merchants resident in Sydney. The colony was a speculators' paradise in the 1790s, and the officers were not slow to take advantage of this. Dependence upon the uncertain and irregular arrival of ships' cargoes, and the consequent high price of goods locally, meant that anyone on the spot with capital could make big profits. At first glance, a major difficulty would seem to be the question of who would buy imported commodities. It might be expected that luxuries and semi-luxuries would be imported by the officers for their own use but if that were all there would be no capital accumulation. The officers had to find a market for their commodities and apart from themselves there were only convicts and ex-convicts with very low purchasing power. This situation might be likened to that on slave plantations in the Southern States of the USA: the slaves grew their own food but their poverty limited imports into the plantation to luxury items for the owners.

However, a crucial difference in the case of New South Wales was the role of government. The British government had the responsibility, inadequately sustained though it might be, of feeding and clothing the convicts and their guards. Ration scales were laid down and it was the duty of the Governor to obtain supplies to meet them. As it was

anticipated that some time would elapse before the new colony became self-sufficient, the Governor was empowered to buy goods and to pay for them with bills of exchange drawn on the British Treasury. Given the fact that supplies sent directly on government account from England were inadequate, the colonial government provided both a market and the internationally acceptable currency which importers needed. Indeed, the economic importance of the government was much more widespread and complex than this, as will be indicated later. The first milch-cow for capitalists in Australia was the British government and—since British revenue was derived mainly from indirect taxes—the British people as a whole.

The main initial problem for officers in New South Wales was not so much the market, which was there for them to see, as their lack of capital with which to exploit it. Operating as a merchant was not a matter of investment of a few pounds only, and the officers had no business experience or credit links with established mercantile houses in Britain. Until Phillip received an official consignment of about 4,500 Spanish dollars from London in 1792, the only coins in the colony were those brought in the purses and pockets of the officers and some of the convicts.

The officers found two ways out of the dilemma. One was to pool their resources and take shares in the purchase of a cargo of incoming goods. This became a regular procedure in the 1790s, Balmain apparently being the main organiser of such pools. The shares taken by officers were not equal; the amount invested by each officer was related to rank and available capital. Nevertheless, these rings were comprehensive. Even officers who were out of Sydney—for example, Jamison on Norfolk Island—were cut in for a share.

Second, and more important, was access to public money in the form of regimental funds. Pay for both officers and men of the NSW Corps was credited to them monthly in London. In addition, there were substantial sterling funds, such as subsistence allowances, which were at the disposal of company commanders like Paterson, Johnston and Foveaux. Through the Corps paymaster, the officers were able to draw bills on these resources held by the regimental agent in London; and these bills paid for commodities purchased by the officers on their own private account. Between 1792 and 1800, the paymaster drew bills to a total of £51,000 to pay for imported goods—a considerable sum, which does not include Treasury bills made out by the colonial government.

Incidentally, soldiers of the Corps were robbed in the process. While the officers were appropriating funds which included a large element of pay due to their men, the latter received only goods such as liquor or tobacco ('truck' payment supplied by the officers) or, occasionally, over-valued copper coins. Officers such as John Macarthur, who was Corps paymaster between 1793 and 1800, may have preserved the

forms of gentlemanly behaviour between themselves but they were certainly not gentlemen in relations with their soldiers.

With initial capital derived from such sources, the officers were all set to make great profits once the first few bad years of the settlement were over. On a couple of occasions they chartered ships themselves to bring goods to the colony but usually they were content to present a monopolistic front to any ship's captain arriving in Sydney. As Governor Hunter remarked, 'every vessel, British or neutral, was expressly prohibited admitting any other than an officer on board, by which means, as they were all combined together, every shilling's worth of private trade was engrossed by those who were in the pay of the crown'. Perhaps fearing the development of competition from within their own ranks (as well as from rising emancipist traders like Simeon Lord), the officers and some of the other 'principal inhabitants' in 1798 formally bound each other, under penalty of £1,000, not to purchase goods from incoming ships except through two officers chosen to act as agents for all of them. As a further sanction, they agreed to 'avoid the company of any individual, and to consider him an infamous character, who shall be convicted of a breach of these articles'.¹¹

It is ironic that the officers attempted to justify their practices by asserting that without them a ship's captain would be in a position to demand monopolistic prices for his cargo. As Elizabeth Macarthur put it, the united front of the officers 'prevents monopoly, and the impositions that would be otherwise practised by the masters of ships'.¹² This was true enough in itself, but in reality the officers were two-faced: their monopoly was directed against the shipmasters from whom they bought and against the great majority of the colonists to whom they sold (directly or indirectly). It is not possible to make any realistic calculation of the rate of wholesale profit in the colony but such records as have survived indicate that it was remarkably high. For example, on one cargo imported by a partnership of Macarthur, Blaxcell and Jamison in 1808, a profit of about £11,000 was made on an investment of £10,000. The partners 'apparently found disappointing' this gain of 110 per cent!¹³

Dr Hainsworth deploys the standard apparatus of the business historian to exculpate the officers. Since they were the only colonists with any capital, 'the officers' virtual monopoly of the early import trade was the fruit of circumstance rather than contrived'; and these men, together with some ex-convicts, 'helped to create a colony out of a prison by erecting a business community and a commercial structure suitable to a colony but increasingly unsuitable to a prison . . . They laid the foundations . . .', etc.¹⁴ Actually, they were parasites. As Margaret Steven comments about the first decade in New South Wales, 'market conditions were so favourable that anyone, regardless of ability, with a command of capital was capable of producing a profit. Practically no degree of business acumen, except at the most primitive level, was

necessary to make a profit in such a monopolistic situation . . . Even in retailing they cut risks to a minimum. Goods were passed to convict "dealers".⁵

Ex-convicts were used as dealers and agents, partly because the officers, with few exceptions, were tyros in business matters but mainly because of social inhibitions: a gentleman could engage in wholesale but not retail trade. Besides the social stigma of being a shopkeeper or huckster, such lowly dealings would have advertised too openly the contrast between the officers' economic interests and the employment appropriate to the wearer of the king's uniform. So although some officers sold imported goods such as liquor directly to their soldiers, and others used as agents the women with whom they lived, most officers sold to ex-convict middlemen—publicans, storekeepers and the like—who engaged in retail trade. This, rather than small land grants, is the explanation for the economic rise of some ex-convicts. For example, Simeon Lord, who was transported to Sydney in 1791 and was emancipated early, appears to have been set up in business as a baker and licensed victualler by Captain Rowley, who probably used him as a cloak for his own trading activities. Before long, however, Lord was able to branch out independently as a trader on a growing scale. By 1800 he had moved into importing and wholesale trade, shipowning and seal-hunting, whilst retaining a big retail network.

Only a very small proportion of convicts ever came anywhere near achieving this kind of economic independence. Nevertheless, Lord was not alone. There were others such as Kable and Underwood who became prominent, particularly in shipbuilding, the hunt for seal skins and oil, and small manufacturing and building. This remarkable phenomenon of economic opportunity for some of the lowest on the social scale arose mainly from the extraordinary circumstances of the colony: the absence of middlemen in the first instance, coupled with the officers' reluctance to venture themselves outside the cosy spheres of monopolistic wholesale trade and grazing. Needless to say, men like Lord charged their customers, the ultimate consumers, very high prices for goods by adding extortionate margins to wholesale prices.

It may be noted that the phenomenon was short-lived. Once rigidities of structure set in, there was little opportunity for the likes of Lord or Samuel Terry to blossom. In Van Diemen's Land, settled at a later date, there was no development of emancipists at all comparable to New South Wales' wealthy ex-convicts. Actually, not all of the latter arrived penniless in the colony. Robert Cooper, when he was sentenced to transportation in 1812 for receiving stolen goods, was a London publican with a trade turnover of £17,000 per year. He may be presumed to have transferred capital to Sydney where he was granted a conditional pardon in 1818 and opened a general store in George Street. He became a merchant on a large scale and one of the principal

shareholders in the Bank of New South Wales; by 1827 he was operating a distillery and a few years later he established a brewery.

Dealers who were mostly ex-convict (though some sergeants in the NSW Corps also saw lucrative openings for themselves in this sphere) sold goods to farmers, soldiers, convicts and emancipated workers. Because there was little money in the colony, these deals took the form mainly of barter, with such commodities as sugar, alcohol and flour being swapped for 'equivalent' values; the values established allowed for the dealer's profit. Wheat had a special importance in these transactions, as it was the main commodity for which the government commissariat store provided a market. The commissariat issued store-receipts in payment for its purchases. These receipts served as a form of paper money within the colony and, when consolidated into substantial sums, they could be presented to the colonial government for exchange into bills on the British Treasury. In turn, Treasury bills, which were as good as gold, could be used to pay for imports.

Thus the officers were links in a commercial chain which extended from themselves as importers, through dealers and producers, to the commissariat and Treasury bills which paid for more imports. Having utilised regimental funds as their initial source of capital, the officers grew fat on colonial government funds. For instance, in the three years 1798 to 1800, Governor Hunter issued Treasury bills to a total of about £94,000. Not all of this was made available to the officers—the government itself bought some goods from ships—but a large proportion certainly came into their hands.

The figures just given for Treasury bill issues at the end of the eighteenth century represent a considerable increase over figures for earlier years. To understand how this came about it is necessary to consider social relations in agriculture. The original intention of minimising costs to the government by developing public agriculture on the basis of convict labour was subject to an obvious difficulty: if ex-convicts were to be given land grants to keep them in the colony, then a market must be made available for their produce. The only feasible market in the circumstances was that which could be provided by the commissariat, which had the task of feeding large numbers of convicts and others. In this way there developed a conflict of policy between public and private farming: if public farming were extended, the market for the produce of settlers was narrowed. The commissariat could not waste public funds by giving an unlimited guarantee to buy all that farmers could produce.

This problem was only beginning to appear—as yet there were not many ex-convicts on the land—when the colonial government received authority to make land grants to officers in 1793. For the next two years, between the departure of Governor Phillip and the arrival of his successor Hunter, the officers held nominal as well as real power. In point of fact, they did not make large grants to themselves in this

period. Nor were they exclusive in the process—well over one hundred land grants were made to privates in the NSW Corps, though this was really in the interest of the officers. As Hunter observed, these grants to soldiers could not 'be occupied and cultivated by the proprietor, who in this case had other duty to do; this, of course, was understood; they therefore sold them, and most of them were purchased by their own officers, some of whom have by this means considerable tracts'.¹⁶

However, much more significant was a change in policy concerning public agriculture and the use of convict labour. Public farming was substantially reduced, and convicts were switched to work on the officers' farms as assigned servants. The officers were now allowed not merely two but ten convicts each to cultivate their land, these convicts being still maintained with rations and other necessities by the public stores. Moreover, the officers tapped an additional source of labour among those convicts who were still in direct government service, being employed on public works as well as agriculture. This point is related to the fact that convicts in government service were generally not set to work for the maximum number of hours possible; they were allowed a certain amount of time in which to work 'on their own hands'—that is, for wages paid by private employers. On the face of it, this procedure seems surprisingly enlightened but the explanation is one of practical necessity. Until a big convict barrack was built at Hyde Park in 1819, the government could not accommodate most convicts in Sydney. They were therefore told to find private lodgings for themselves in the town and they were allowed to work 'on their own hands' to earn the rent for lodgings. Those who could not find work had to sell part of their rations for the purpose; but generally a compulsory work-day of 'only' nine or ten hours for the government (spent doing as little as possible) was an actual working day of twelve or thirteen hours, the extra time being put in to obtain items like tobacco and grog from officer-employers.

At first, this source of part-time labour was not effectively mobilised by the officers—the convicts were used inefficiently on odd jobs. However, when the officers secured land grants they realised that they could use this pool of labour to supplement the full-time work of the convicts assigned to them. Indeed, during the period of military government the official hours of work for government convicts were deliberately reduced in order to give these men more time to work for private employers. The work of government was neglected in the interests of the officers. In 1793, John Macarthur was appointed Inspector of Public Works at Parramatta, a key position which gave him control over both public agriculture and the allocation of convicts. Two or three years later, although he had received only 200 acres of land by way of grants from the crown, he had 130 acres of his land under crop, worked by thirty or forty servants. As Captain Waterhouse noted,

Macarthur had 'remarkable fine farms of his own but I cannot say so much for Government's'.¹⁷

Public farming was sharply curtailed at this time. Later, on instructions from London, it was expanded to some extent but was then virtually ended in the 1810s. This is in no sense to be regarded as a failure of what Shann termed 'the economic last ditch, communism'¹⁸: public agriculture based on convict labour was no more socialist in content than Newgate prison or the British Army. Nor should the growth of emphasis towards private farming be attributed exclusively to the officers' activities in 1793-5. They precipitated the movement but it was inevitable once the concept of a mere gaol began to give way to a capitalist economy. The real significance of these developments was two-fold. First, British government expenditure on the colony rose substantially, through the purchase of grain and meat produced on private land—and the flow of Treasury bills went mainly to the officers. Second, the officers had found a permanent source of profit, not subject to the vicissitudes of wholesale trade: surplus value from the labour of convict and ex-convict workers.

For a time, the officers were in a better position than slave-owners, for they did not even have to feed and clothe the convicts assigned to them—the colonial government accepted responsibility for that. This singularly profitable position could not be maintained indefinitely in face of the imperial government's realisation that it was being swindled all round: not only was a large part of the unfree labour force diverted from public to private farming, with the government buying the product of the latter, but the government was still committed to maintaining assigned convicts from the commissariat stores. In 1798, Governor Hunter tried to return to the original practice of allowing each officer only two assigned servants maintained by the stores (plus others who were 'off the stores', their number being restricted only by availability). His orders were ignored but Macarthur, with his usual perspicacity, saw the inevitability of a change in the system; he therefore offered to provide bread (though not clothing) at his own expense for convicts assigned to him—provided that he could obtain 100 more such servants. The offer was not accepted because the colonial government did not have so many convicts to spare for one employer.

It was not until about 1804 that the great bulk of assigned convicts were off the stores—that is, fed and clothed by their masters rather than by the government. It was still, of course, a very cheap supply of labour for those who were in a position to exploit it. In addition, the officers and their civilian allies had at their disposal several other sources of labour: the part-time labour of convicts retained in government service; ticket-of-leave men, a semi-free form of labour whose wages were depressed by the fact that they were not free to move out of their particular police district; and finally a growing pool of free

wage-labour consisting of ex-convicts who had served out their sentences or been emancipated for other reasons.

The use of unfree labour was a basis for rapid capital accumulation within the colony by the first generation of employers. Officers grumbled about the quality of convict labour—it was reckoned to be about two-thirds as efficient as free labour—but it had the great advantage of being dirt cheap in real terms. However, in the conventional assumption that New South Wales remained primarily a gaol until about 1820, the importance of free (including ex-convict) labour is generally overlooked. Yet in 1805 there were 800 free male workers, compared to 650 male assigned convicts. True, there were also 500 female convicts, mainly used as domestic servants, and 1,000 male government convicts. Part of the labour of the latter group—time spent working ‘on their own hands’—was available to private employers but most of it was utilised on government work (building an infrastructure) which was not directly profitable to employers.

Thus from the point of view of labour as well as other aspects, the economy should be regarded as essentially capitalist after the first couple of decades. In the course of time, the proportion of convicts in the labour force declined as sentences expired, children born in the colony grew up, and free immigrants arrived. It was not a smooth progression, for these factors were offset to some extent by the number of convicts newly imported—a number which increased rapidly from 1814.

Certainly, convict labour—especially for big employers—remained very important until the 1840s. However, it would be wrong to characterise the economy as pre-capitalist for that reason. The presence of convicts undoubtedly coloured the scene and entailed a tighter code of labour discipline for free workers but the latter constituted the main—and permanent—work force. Indeed, it is false to draw a very sharp dividing line between free workers and assigned convicts. They often lived under the same roof together and both categories were ‘free’ to work hard in return for food and clothing, the value of their labour above this level being appropriated by their employers. Much the same could be said of free labourers in England, the capitalist homeland. It may be further noted that in the free colony established in Western Australia in 1829, most labourers were indentured to private employers. Freedom is a relative term.

In New South Wales from the 1790s, wages for free workers were nominally high, due to labour shortage. Even assigned convicts were paid a wage by their masters, the rationale being that if government convicts were to be allowed to work for wages outside regulation hours, then the same should apply to assigned convicts for work done by them outside the same formal work-hours. However, the seemingly high level of wages by comparison with Britain is misleading. In 1800 in the colony there was an officially prescribed rate of fifteen shillings

per week for a free agricultural labourer, and actual wages were probably twice as high as this because of labour scarcity. However, wage rates were expressed in the debased colonial currency, and wages were generally paid in kind, not cash. Thus workers drew their wages in the form of ‘indulgencies’ such as tea, tobacco or grog supplied by their employers; or workers were paid in commodities such as wheat which they could then barter for such comforts, over and above bare rations. Their bargaining position in such transactions was poor.

As always with payment in truck, the goods supplied to workers were heavily over-priced. Furthermore, the officers as employers paid for labour in the very commodities which they themselves imported at great profit. This command over goods for wages also gave the officers an advantage in competition for labour against small peasant-employers. As Hunter observed about the use of rum as an incentive: ‘Much work will be done by labourers, artificers and others for a small reward in this article . . . which money could not purchase’. It amounted to trading on the misery of workers to whom alcohol represented the one obvious way of securing temporary enjoyment or forgetfulness; a downtrodden labour force was further befuddled.

There was yet another section of the population open to exploitation: the growing number of ex-convicts who obtained land grants. They lived a poverty-stricken existence, scratching over the soil, and many were dispossessed of their small holdings within a few years. This was due partly to such factors as their ignorance and unsuitability for farming, lack of capital and subjection to flood and drought. However, there were other reasons related to the officers’ control over political power in the colony. Small farmers were squeezed between low prices for their produce and high costs of production in the form of imported commodities and relatively high wages for free labour. The high costs of production were mainly attributable to the officers’ wholesale monopoly, while low producer prices for grain flowed from the officers’ influence over the operations of the commissariat as virtually the sole ultimate purchaser. In the case of a good harvest, the commissariat stores were opened for the purchase at a fixed price of only as much grain as the government needed and had storage facilities for, and in the ensuing competition to have grain accepted by the public stores there was never much doubt that the officers and traders would be favoured as sellers. Small farmers who failed to get into this market were forced to sell their produce at low prices to private dealers (ex-convict middlemen) or to officers.

The economic importance of the commissariat underlines the role of government and of the civilian officials who were accepted as part of the officers’ ring. Actually, the officers did not produce very much grain on their own land, preferring to concentrate on meat production which was more profitable. Nevertheless, wheat came into their hands, sometimes as rent paid by small farmers, more generally because wheat was a

substitute for money. Consequently, the officers relied upon sales of grain and meat to the commissariat in exchange for more negotiable forms of money.

A peasantry was barely established in New South Wales before the emerging bourgeoisie was busy dispossessing peasants of their land and turning them into wage workers. The attitude of the officers towards small farmers is typified by the comment made by Macarthur in 1796 that it would have been better 'had these men, instead of being permitted to become settlers, been obliged to employ themselves in the service of an industrious and diligent master'. Two years later, a group of farmers reciprocated the feeling in a statement complaining about the high price of imported goods and about being forestalled at the public stores in the sale of their grain. They declared: 'The Farmer is branded as an infamous, idle drunken and abandoned character—the Trader on the other hand who has the opportunity of getting Money and is in fact only a nuisance and pest to the Colony not doing any one thing for the support or welfare of it but is the original cause of every disorder, meets with respect, enjoys all the comforts of life, and in a very few years makes his Fortune out of nothing at the expense of the distressed and industrious Farmer, and on Government on whom they so grossly impose'.¹⁹ Dr Hainsworth puts a gloss on such quotations by suggesting that the farmers' criticism was really directed against middlemen dealers who were the immediate suppliers of goods, often on the security of real estate mortgages; but the farmers' complaints referred specifically to 'gentlemen' as well as dealers.

Certainly by 1800, many ex-convict peasants had lost their land through foreclosure of mortgages. The point should not be exaggerated, for in the following two decades a number of small farmers were able to hold on to their land and to prosper in a small way. For instance, George Bert arrived in the colony as a prisoner in 1792 and was granted thirty acres of land by Governor Hunter and another sixty acres later by Macquarie. By 1819 Bert (who had been a farmer in England) owned 455 acres, most of which he had purchased; he had four assigned convicts working for him, together with two ticket-of-leave men and three free labourers. As this example indicates, use of convict labour was not confined exclusively to the officers and wealthy immigrants and there was economic differentiation within the peasantry: a bourgeoisie was developing on agricultural land. Furthermore, when Commissioner Bigge investigated the situation in 1819 and took evidence from Bert and others, he found that small farmers, mostly ex-convict, still held by far the greater part of the cultivated land in the colony, although many of them were only tenants.

Nevertheless, the extent to which land originally held by ex-convicts and soldiers passed into the hands of the ruling élite is remarkable. In 1802, John Macarthur owned nearly 4,000 acres at Parramatta, only 320 of which had been acquired by way of grants from the crown;

the remainder had been bought (some of it from other officers). In 1820, W. C. Wentworth, in addition to land received by grant, owned 23,880 acres of purchased land. Such cases represented primary accumulation in the classic Marxist sense. Even more ruthless was the amassing of 22,000 acres by emancipist Samuel Terry, mainly from small settlers who were unable to pay their debts to him.

From about 1800, a new element was introduced into the colonial situation with the arrival of the first professional merchants, mainly representing British mercantile firms established in India. Foremost was Robert Campbell, who settled in Sydney and built up a permanent base, including a private wharf, for importing. Unlike the officers, Campbell was not limited in his operations by commissariat expenditure and the consequent supply of Treasury bills: as a professional, he had access to external sources of capital and credit, immediately in India and ultimately from Britain. For some years at the beginning of the nineteenth century, Campbell was the largest importer of goods into New South Wales. At last the officers had to face some competition in this sphere. George Bass, for one, suffered; his commercial ambitions foundered when his shipload of goods arrived in Sydney in 1802 at about the same time as several other cargoes, with the result that the market was temporarily glutted.

Although Campbell initially represented a challenge to the officers' import monopoly, the ring was not really broken—rather, it was widened to accommodate him and his ilk. Campbell was soon playing the same game of obtaining favours from the colonial government. He depended heavily upon government contracts to import spirits and cattle from India and he was closely associated with the commissary, John Palmer. In Bligh's governorship, Campbell was appointed Naval Officer, a post which combined the duties of harbourmaster and collector of customs and was therefore important in connection with Campbell's own commercial activities.

In the first decade of the nineteenth century, the officers continued to trade profitably on the whole. Governor King made some efforts to restrict the quantity of spirits imported into the colony but he made no attempt to control the retail price of grog, with the result that the position of those who controlled imports remained privileged. In the long run, however, the appearance of Campbell on the scene signalled the opening up of trade with the outside world. Without severely restrictive conditions of trade, the occupation of merchant could be hazardous, subject to big losses as well as profits. It was a field for skilled full-time professionals, not part-time speculators.

The first sign of danger was a glut of imported goods in the Sydney market around 1802. Then, in 1812-15, there was a serious commercial depression in the colony, associated with credit difficulties in Britain which spread to mercantile firms in India. Such connections brought even Campbell to the brink of ruin, while men like Macarthur had their

fingers badly burned. In 1816 Macarthur, on hearing that a cargo which he had despatched from London had fared badly in the Sydney market, declared: 'It is . . . the last mercantile project in which I will ever try my fortune'.²⁰

This was virtually the end of the officers' activities in wholesale trade. Their functions were taken over by representatives of merchant houses from India such as Richard Jones and William Walker. The older *élite* concentrated its attention upon land and grazing. For them, big speculative trading profits were over, but they had accumulated capital and now faced a bright prospect of further solid accumulation by exploiting labour and accelerating their grab for land—in which they were joined by new immigrants with capital.

The process of establishing large estates began long before this, of course. The officers learned very early that animal husbandry, for both meat production and the breeding of stock, was more profitable than arable farming—and grazing was an occupation more suitable to a gentleman. As soon as Governor Phillip left the colony, the officers acquired, in exchange for liquor, many of the sheep which he had distributed among the settlers, and the officers imported more sheep and cattle for themselves. They invested profits from wholesale trade in building up flocks and herds and in 1800 they owned about eighty per cent of all the sheep in the colony—and nearly all the cattle, apart from those retained in government possession. Yet at the same time the officers' landholdings amounted in aggregate to only 14,500 acres. Admittedly, that was more than one-third of the total land granted by the crown but it was not much in absolute terms.

Transfer of land from the crown to private ownership was speeded up in the following decade, notably with the grant of 5,000 acres at the Cowpastures to Macarthur. Concurrently, the first few free immigrants with capital (men who were neither officers nor officials) arrived in New South Wales and were given fairly large land grants, together with convict labour. Governor Macquarie was generous in making grants (including 1,500 acres each to Robert Campbell and John Palmer) in the 1810s. By 1821, a total of about 380,000 acres had been alienated from the crown in NSW and about sixty per cent of this was owned by only eighty individuals out of the 1,665 landholders. By far the greater part of the alienated land was in the Cumberland Plain around Sydney, but by then the Blue Mountains had been crossed and the real rush for grazing land was beginning.

The amount of land alienated from the crown in the 1820s dwarfed all previous transfers. In addition to land leased out or licensed by the crown, a total of nearly three million acres was alienated by 1829—one million acres of it in a single grant to the Australian Agricultural Company. The main incentive now was profit from wool-growing for the London market and this attracted to NSW a growing number of free immigrants with capital. At the same time the system of small

land grants to ex-convicts was effectively ended and replaced by grants which varied in size according to the amount of capital possessed by the applicant: the bourgeoisie needed a proletariat, not a peasantry. The restriction of access to land except for men of capital, was made watertight in the 1830s by the cessation of all grants. Instead, crown land was alienated only by sale, at a price which kept small men out but allowed ample profits for big graziers—not to mention the graziers who squatted and paid little or nothing for the crown land they used.

Government, as a source of landownership on a large scale, together with the continuing flow of convict labour (and government expenditure to maintain it), remained the prime road to greater private wealth. Yet although a growing number of fresh capitalist immigrants took that road, 'old colonials' were well up in the race. Some retired to England but others stayed where the money was, in land and wool. For example, in 1837 James Macarthur and his brother (sons of John) owned 50,000 acres (18,000 of which had been acquired by crown grants) and employed 186 people, including 130 convicts. Even the first generation of professional merchants, men like Jones, Walker and Riley, invested heavily in grazing from the 1820s. Robert Campbell's firm was virtually bankrupt as a result of depression in 1815, but he re-established himself as a merchant in the 1820s and received large land grants in the Limestone Plains area (later to be the site of Canberra). In the 1830s, Campbell bought another 8,000 acres of crown land in the area, giving him a total of 19,000; and he squatted on large runs such as Delegate which comprised 38,000 acres. His biographer does not explain precisely how Campbell made such dramatic gains after being 'paralysed by debts' in 1815,²¹ but it may be remarked that throughout the nineteenth century the Australian bourgeoisie displayed a remarkable facility for surviving times of depression, especially by concealing assets from creditors.

It may be noted further that Campbell was an absentee grazier. Apparently, he did not visit his domain along the Molonglo before 1830, and he continued to reside in Sydney thereafter. There were many like him and there were other squatters of a type described in a newspaper: 'He had only to go forth in the morning and get upon his horseback and superintend, and fancy that he was very busy and take credit to himself for enduring the hardships of the bush.'²² In short, such men, like the officers of the NSW Corps, rarely did a stroke of work themselves: their wealth was created by the labour of others.

Primary accumulation was the genesis of a number of family fortunes still evident in Australia today—the Wentworths, for example. As Joseph Furphy commented in 1897: 'The successful pioneer is the man who never spared others; the forgotten pioneer is the man who never spared himself, but, being a fool, built houses for wise men to live in, and omitted to gather moss'.²³

NOTES

- 1 Marx's *Capital* was written in German. In the early translation into English by S. Moore and E. Aveling (edited by F. Engels), the term 'primitive accumulation' was used. However, Eden and Cedar Paul, in translating the book for the Everyman's Library edition (1930), preferred the words 'primary accumulation'. The latter, with the connotation of earliest or original rather than crude, seems more meaningful and has been adopted for the purpose of this article. On the other hand, the quotations from *Capital* used here are taken from the Engels edition, which is the more graphic.
- 2 Karl Marx, *Capital* (Allen and Unwin, London, 1946), pp. 736-7.
- 3 *ibid.*, p. 737.
- 4 *ibid.*, pp. 737, 775.
- 5 T. A. Coghlan, *Labour and Industry in Australia* (Macmillan reissue, Melbourne, 1965), vol. 1, p. 7.
- 6 However, 'gentlemen' convicts were privileged. Men like Francis Greenway were generally given tickets-of-leave.
- 7 K. M. Bowden, *George Bass 1771-1803* (Oxford University Press, Melbourne, 1952), p. 52.
- 8 Quoted from papers in Chancery Records, Public Record Office, London.
- 9 C. M. H. Clark, *A History of Australia* (Melbourne University Press, Melbourne, 1962), vol. I, p. 154.
- 10 Maurice Dobb, *Studies in the Development of Capitalism* (International Publishers, New York, 1963), pp. 277-8.
- 11 Cited in D. R. Hainsworth, *Builders and Adventurers* (Cassell, Melbourne, 1968), pp. 7, 12-13.
- 12 Cited in S. M. Onslow (ed.), *Some Early Records of the Macarthurs of Camden* (Sydney, 1914), pp. 50-51.
- 13 D. R. Hainsworth, *The Sydney Traders* (Cassell, Melbourne, 1971), p. 92.
- 14 *ibid.*, pp. 5, 27.
- 15 M. J. E. Steven, 'Enterprise', in G. J. Abbott & N. B. Nairn (edd.), *Economic Growth of Australia 1788-1821* (Melbourne University Press, Melbourne, 1969), p. 122.
- 16 Hunter to Portland, 12 November 1796, *Historical Records of Australia*, I, vol. i, p. 670.
- 17 Waterhouse to Banks, 24 October 1795 (Banks Papers, A78², Mitchell Library, Sydney).
- 18 E. O. G. Shann, *Economic History of Australia* (Cambridge University Press, Cambridge, 1930), p. 12.
- 19 Colonial Office Records, 201/123, Documents D. 61, p. 616. P.R.O., London.
- 20 Cited in D. R. Hainsworth, *The Sydney Traders*, p. 101.
- 21 Margaret Steven, *Merchant Campbell 1769-1846* (Oxford University Press, Melbourne, 1965), p. 249.
- 22 *Australian*, 28 October 1841.
- 23 Tom Collins (Joseph Furphy), *Such is Life* (Lloyd O'Neil reprint, Melbourne, 1970), p. 107.