



THE UNIVERSITY OF  
WESTERN  
AUSTRALIA

# Western Australian Economic History Summit 2020

Ending the Great Stagnation: Economic Transformation and Innovation  
in Western Australia Prior to the Goldrush

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University of Western Australia



CENTRE FOR  
Western Australian History

# Overview

A large white pipe is being laid on a construction site. The pipe is supported by wooden blocks and is being laid on a red dirt path. In the background, a red excavator is visible, and the scene is set in a rural or semi-rural area with trees and a clear sky.

- Context for the topic
  - Why is Western Australia wealthy?
  - Gold rush narratives and Western Australian economic history
  - The Long Stagnation
  - Features of large infrastructure projects and capital investment
- Economic Transformation and Innovation in Western Australia Prior to the Goldrush
  - Cooperative movement
  - Katanning- Premier Mill
  - Perth Gas Company
  - Land grant system
- A unique pattern of capital investment and public-private coordination?
  - Colonial context
  - Stirling-Forrest-Court
  - Developmentalism and its a legacy
- Further research



# Explaining Western Australian wealth and prosperity

- Why is Western Australia wealthy and has not succumbed to the “resource curse”
- How do we explain the political and legal system which encourages large flows of capital investment into natural resource projects?
- What role did the Gold rush have on the colony and pathway to statehood
- Linked to my PhD on the gas history of Western Australia

# Gold rush narratives

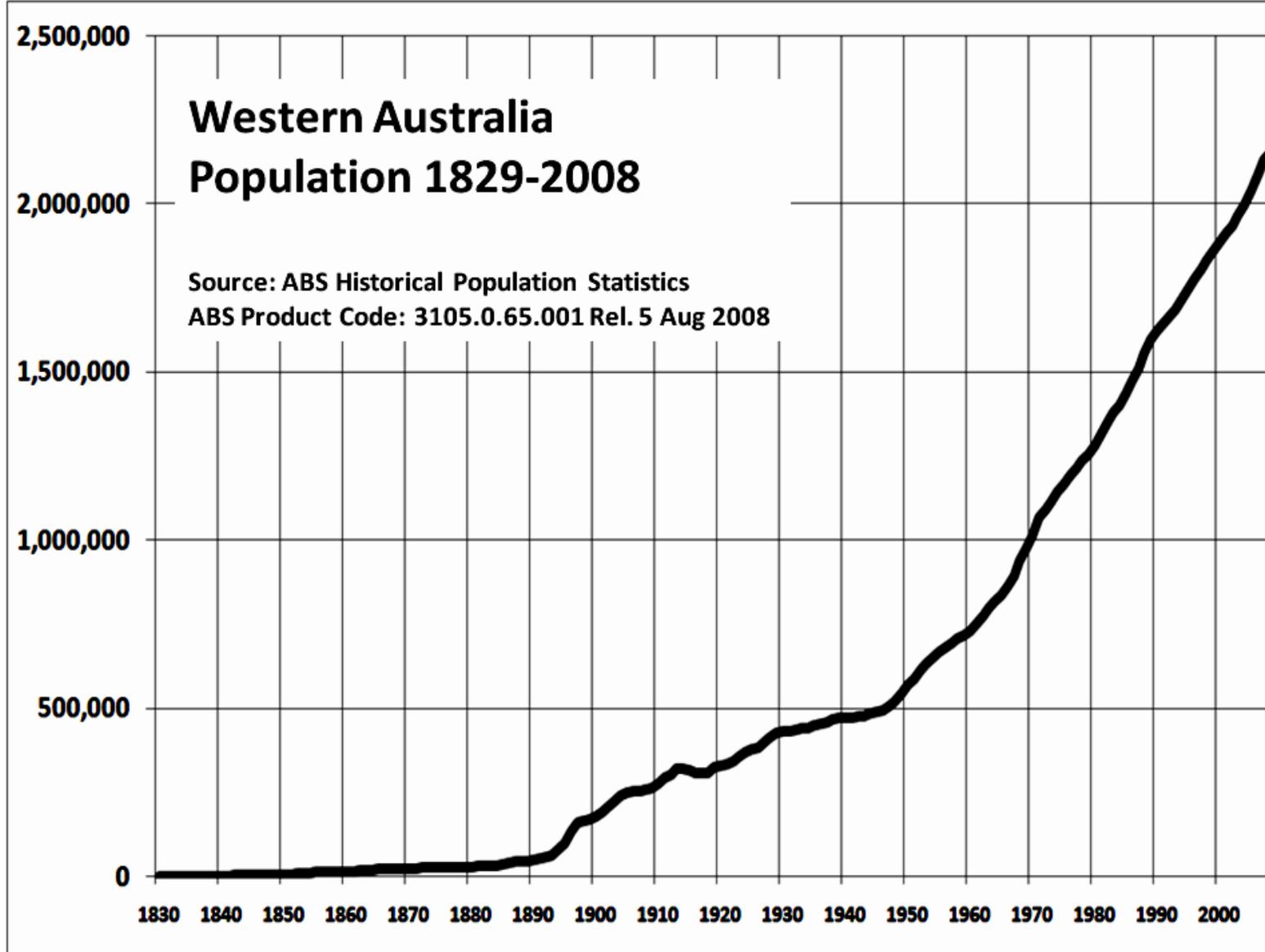
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*“The gold rushes of the 1890s were to change the face and the fortunes of Western Australia. Until that time, the State's tiny European population struggled to survive.”*

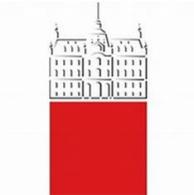
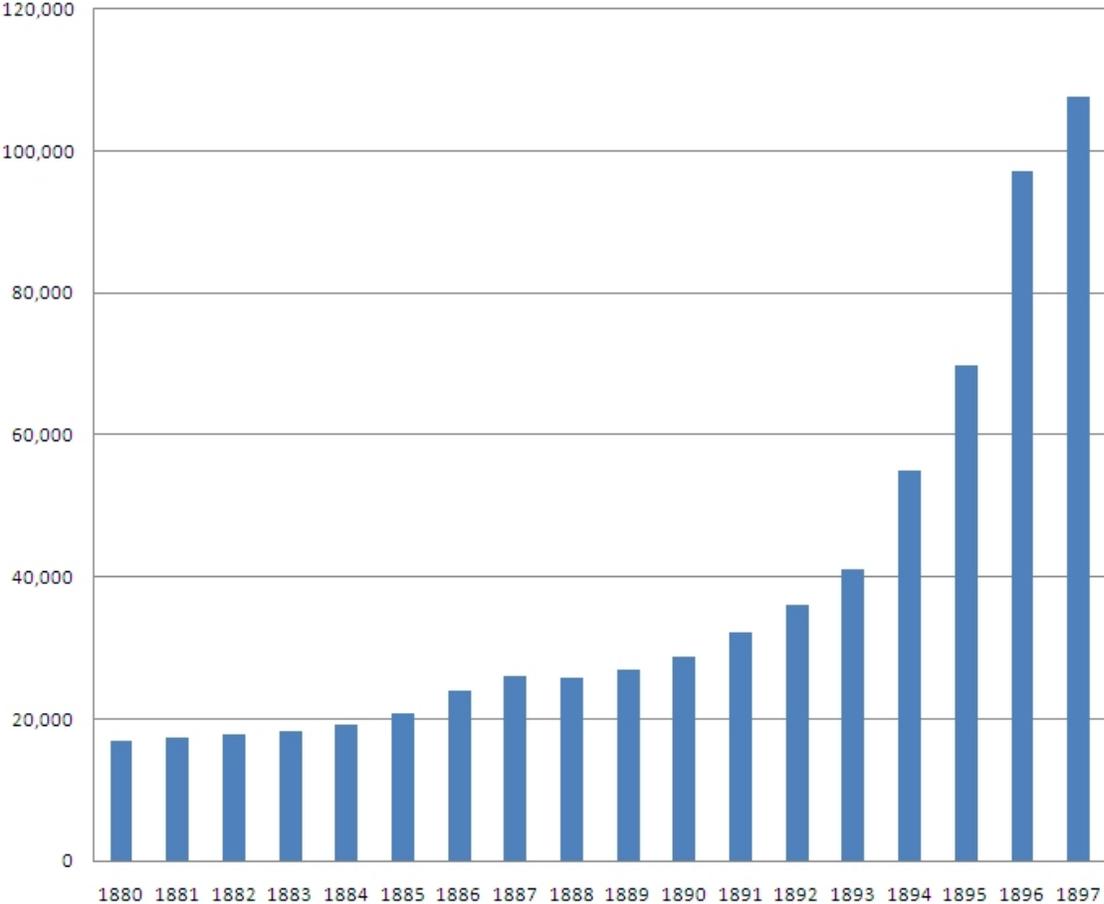
-Western Australian Museum Website

<http://museum.wa.gov.au/explore/wa-goldfields/rush-gold>



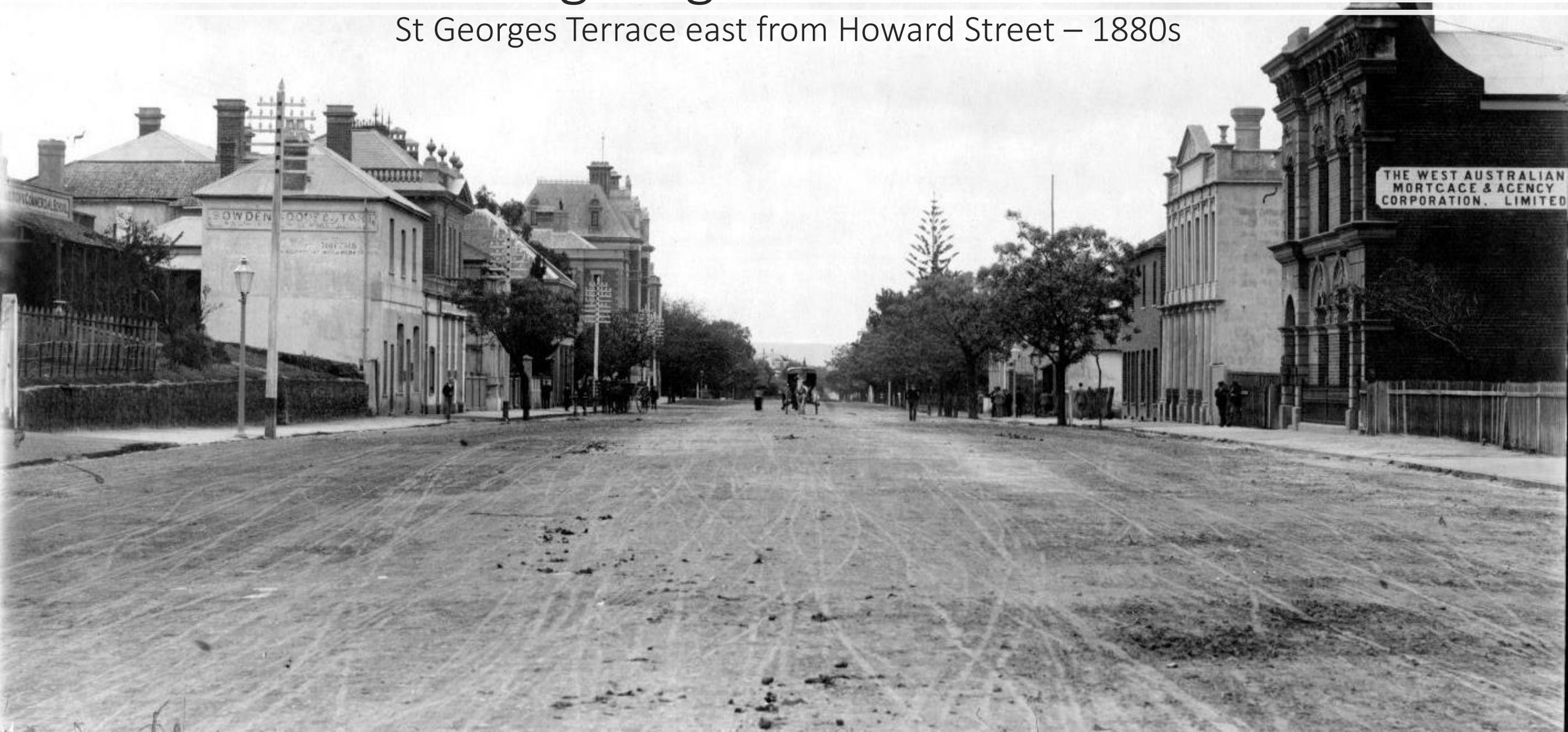


### Population of Western Australia from 1880 to 1897



# The Long Stagnation: 1829-1880s

St Georges Terrace east from Howard Street – 1880s



Was gold responsible for Western Australia's emergence and prosperity? Did developments during the 1880s (and earlier) play a role in the economic transformation of the state?

# Features of large infrastructure projects and capital investment



# Economic Transformation and Innovation in Western Australia Prior to the Goldrush

- High labour costs
- Limited access to capital
- Abundant land
- Few known resources
- Private-public collaboration

Combination of forces drove a local response

# IMPERIAL THEORY AND COLONIAL PRAGMATISM

CHARLES HARPER, ECONOMIC DEVELOPMENT AND  
AGRICULTURAL CO-OPERATION IN AUSTRALIA

*David J. Gilchrist*



PALGRAVE STUDIES IN THE  
HISTORY OF ECONOMIC THOUGHT



## Cooperative Movement

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- Aggregate capital
- Fund infrastructure: bulk handling and transport
- Address information asymmetries



# Perth Gas Company- 1883



50 VICTORIÆ. No. 33

*The Perth Gas Company's Act, 1886*

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No. 33

An Act to extend the powers and provisions of 'The Perth Gas Company, Limited,' and to give to the said Company other powers and privileges.

[Assented to 16th September, 1886.]

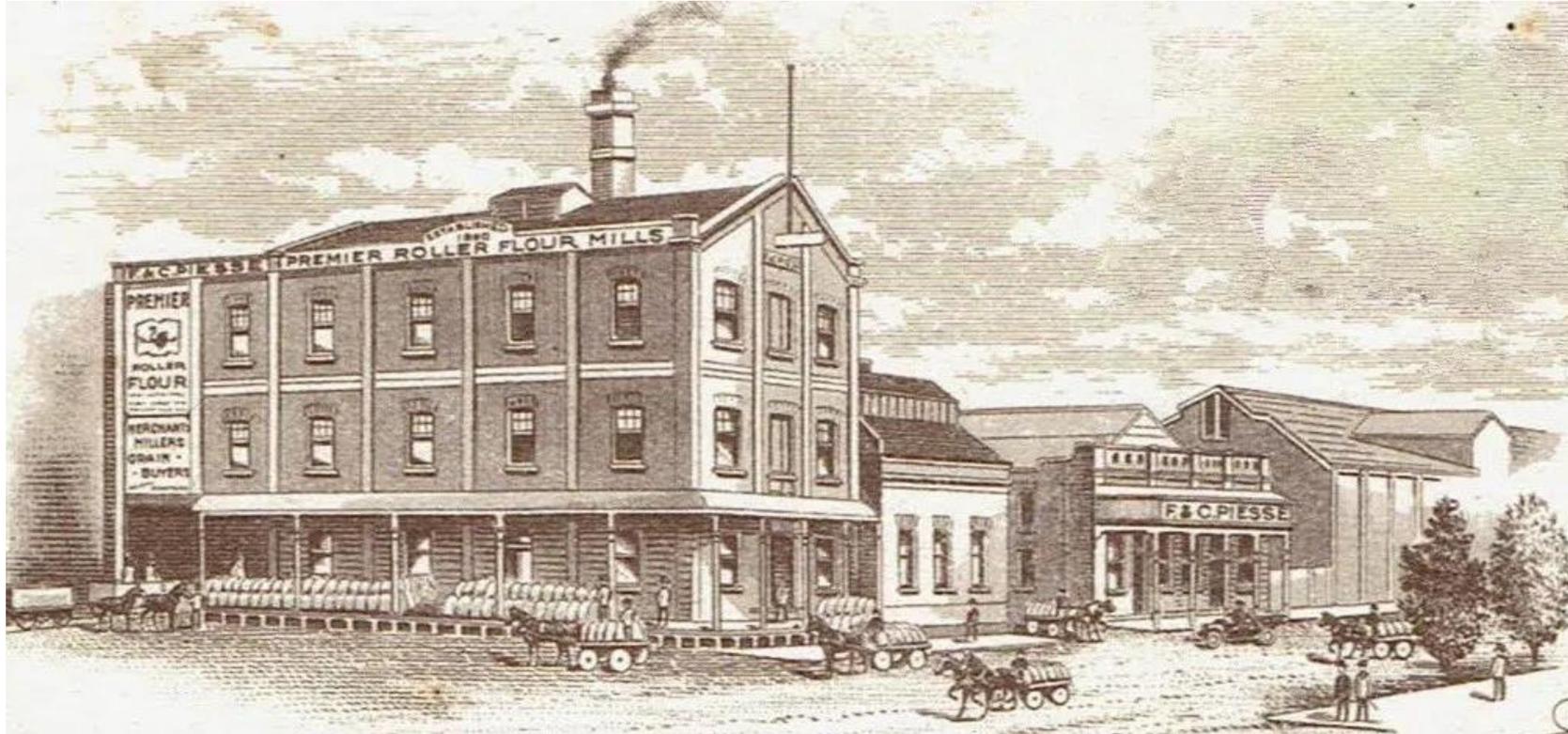
*Enacted*

WHEREAS under and by virtue of 'The Joint Stock Companies Ordinance, 1858,' of Western Australia, certain persons became and were associated under the name or style of 'The Perth Gas Company, Limited,' and the objects of such association were the lighting of the streets, churches, chapels, schools, public buildings, dwelling houses, and all other houses, buildings, and places in the City of Perth, by means of Gas, and the nominal capital of the Company was stated and fixed at Twenty thousand pounds, divided into Twenty thousand shares of One pound each, and by virtue of the said 'Joint Stock Companies Ordinance, 1858,' the said Company became and is now duly incorporated, and certain Articles of Association have been duly adopted and agreed upon for the regulation of the said Company, and such Articles of Association have been duly registered under the pro-

# Katanning Premier Mill-1891



# Katanning Premier Mill-1891



# Electricity Project- Cross subsidisation



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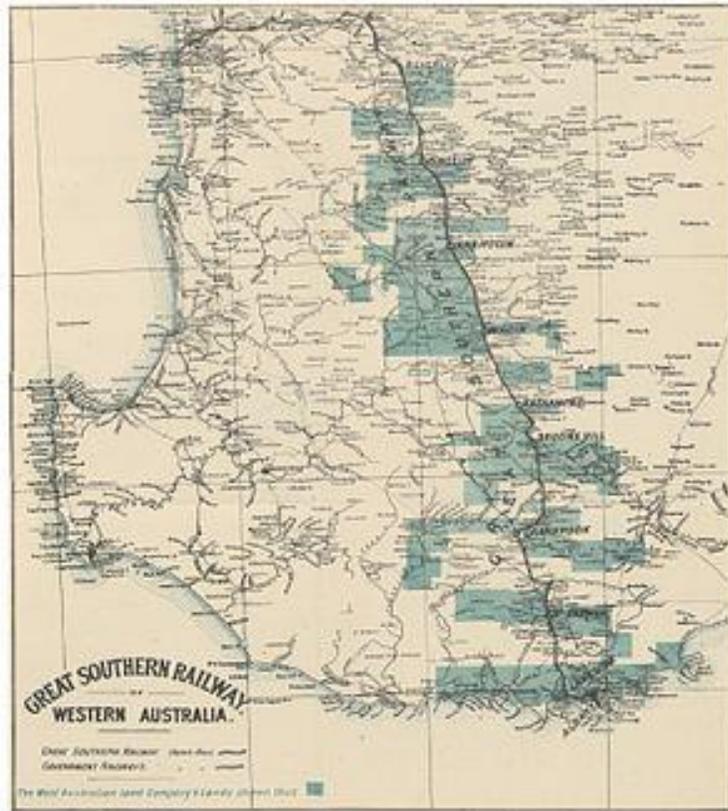
*PRIVATE ACT.*

AN ACT to authorise Frederick Henry Piesse, and his assigns, to manufacture, generate, distribute, sell, and supply Electric Light, Power, and Heat in the Townsite of Katanning, and to construct all necessary Works in connection therewith.

[Assented to 16th January, 1904.]

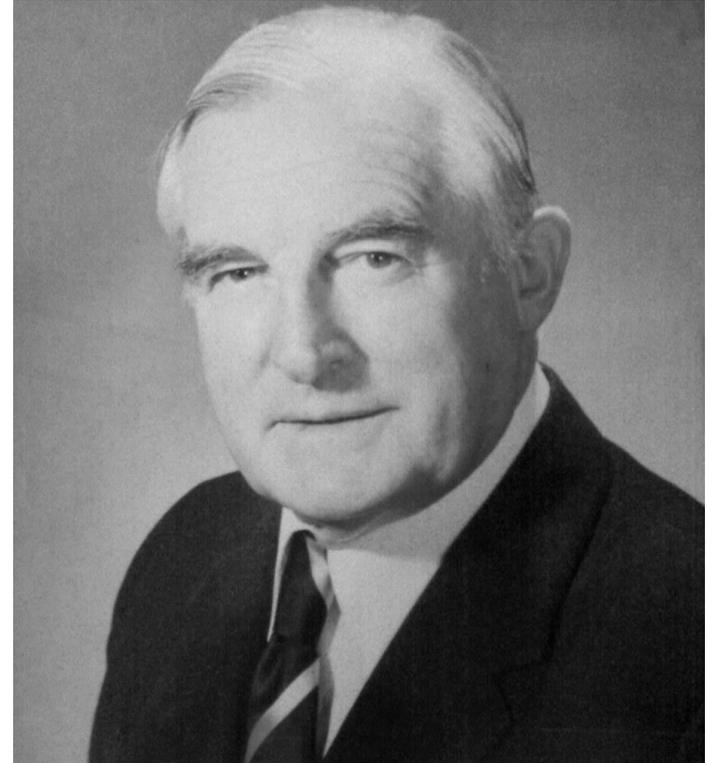
**W**HEREAS Frederick Henry Piesse (hereinafter called the Preamble. undertaker) is desirous of acquiring the rights and powers necessary to manufacture, generate, distribute, sell, and supply electric light, power, and heat in the townsite of Katanning and any extensions thereof: And whereas it is desirable to grant to the undertaker, and his assigns, the rights, powers, and privileges

# Railways and Land Grants



# A unique pattern of capital investment and public-private coordination?

- Colonial context- land grant system
- Stirling-Forrest-Court
- Developmentalism and its legacy
- State Agreements and predecessors
- Department of State Development
  - Major projects
  - Foreign relations



# Further research



# Contact Details

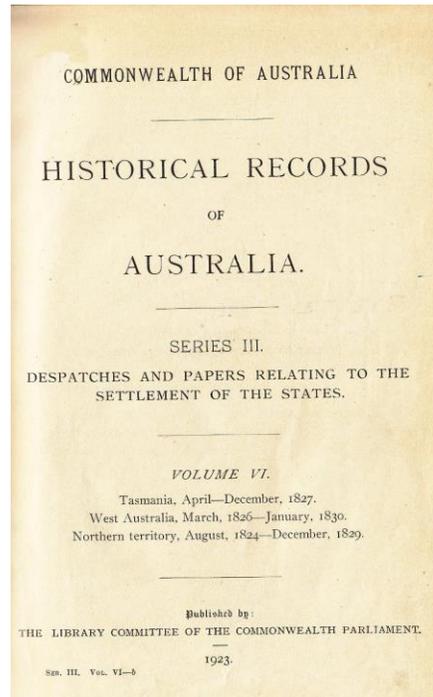
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# Colonial Context: Stirling's advocacy



**Captain Stirling to Governor Darling.  
His Majesty's Ship Success, Sydney, N. S. Wales, 14th Decr., 1826.**

- **International location:** *"Another advantage in Navigation, peculiar to the Neighbourhood of Swan River, is its position with respect to Europe, Cape of Good Hope, Isle of France, the Peninsula of India, and the Malay Islands."*
- **Domestic location (Australian colonies):** *"Vessels, bound from those places to Swan River, would reach it in Three weeks less time than they could reach Port Jackson"*
- **Shipping Logistics:** *"its being very little out of the Track of Ships, bound to China through the Eastern Passages; they generally make the outward Voyage lightly Laden, in consequence of the great difficulty of making up a Cargo for the China Market"*
- **Export Markets:** *"produce commodities well suited to the wants of neighbouring Countries....; it might, for instance, supply India with Horses and wheat, and possibly Coal and Iron; it might supply the Mauritius with Live Stock and Grain; it might supply the Malay Islands with various articles, adapted to their wants, and China with Wool, Hemp, Shipping, and the produce of the Ocean"*
- **Strategic Positioning:** *"As a Naval and Military Station upon a great Scale, the neighbourhood of Swan River would be of the highest importance."*
- **Threats and Competitors:** *"Sir, at a time when we have one French Vessel of War in these Seas with objects not clearly understood, and when we hear of an American Vessel of War being also in this neighbourhood, seeking a place for a Settlement, it becomes important to prevent them from occupying a position of such Value"*

# Colonial Context: Settlement Instructions

## Conditions for Land Grants at Swan River. Colonial Office, 5th December, 1828.

- **Self Financing:** *“Although it is the Intention of His Majesty's Government to form a Settlement on the Western Coast of Australia, the Government do not intend to incur any Expence in conveying Settlers or in supplying them with Necessaries after their Arrival.”*
- **Land Grant System:** *“All these Conditions with respect to free Grants of Land, and all Contracts of labouring Persons and others, who shall have bound themselves for a stipulated Term of Service, will be strictly maintained.”*
- **Free Colony:** *“It is not intended that any Convicts or other Description of Prisoners be sent to this new Settlement.”*
- **Navy Led:** *“The Government will be administered by Captain Stirling of the Royal Navy, as Civil Superintendent of the Settlement, and a Bill \* in the Nature of a Civil Charter will be submitted to Parliament in the Commencement of its next Session.”*