

A RESOURCE REBELLION: AVOIDING A POLITICAL RESOURCE CURSE DURING THE GOLD RUSH

Martin Emmet O'Donnell

In the last decade, political economy theorists have reinvigorated the resource curse thesis by supplementing the work of mainstream economists. This literature has become known as the political resource curse and has as its focus the often detrimental interplay of resource booms and political institutions. Victoria, which forged its democracy upon a gilded crucible, the gold rush, presents a unique puzzle for this literature. By re-examining Victoria's early democratic advancements through the prism of the political resource curse, this article concludes that ideational as well as material causal mechanisms, when underpinned by energetic political and economic contention, can be crucial in alleviating the worst impulses of a political resource curse.

As the gold rush collided with a previous resource boom, pastoral land, a wave of gold-rush immigration sparked both economic and political contention. Such contention helped to alleviate the worst impulses embedded within a resource curse. Material causal mechanisms – in particular, the management and composition of alluvial gold – sparked economic contention, laying the foundation for emboldened immigrants to voice their demands. Chartism armed social forces with a coherent rhetoric that shaped the character of Victorian political contention; when a constituency has both the ability and the interest to demand better institutions, ideas can equip a citizenry with a cohesive framework to advance their political contention, helping to mitigate the institutional deterioration that can result from resource booms. The theoretical

O'Donnell, M.E. (2022)

'A resource rebellion: Avoiding a political resource curse during the gold rush'

Journal of Australian Political Economy
No. 89, pp. 32-50.

implications of this observation call for the political resource curse literature to better appreciate the interplay of ideas upon a resource curse.

Methodology

This article has both economic and political contention as its focus. The first factor, economic contention, has as its foundation the material world as a causal factor. The second, political contention, has as its foundation ideas as causal factors. At the centre of this article is the political resource curse: which by its very nature rests upon the notion that material factors act as prime causal elements. In examining economic contention, this article will draw upon the vast and well-established literature that looks to material factors as underpinning social change and individual incentives. However, in mapping out an argument for political contention the article must address ideational causal elements as a factor for change.

The gold rush in Victoria is a period of changing material and ideational factors smashing their way through a kinetic period of history. Materially, it is a clash of two distinct economic resource shocks (pastoral land and alluvial gold fields). Politically, Australia saw its population triple in a mere decade. These immigrants hauled new ideas to Australia's shores and the proceeding ideational diffusion was brisk. Ultimately, the economic and political contention, the material and ideational factors, are intimately connected, consummated by facts of time and place. One does not exist - nor does one remain the same - without the other.

Process tracing, as a case study methodology, allows one to uncover ideational causal mechanisms that exist between historically documented independent and dependent variables. It seeks to avoid temporal sequencing or pattern tracing from X to Y; its efforts are more ambitious: to map the causal mechanism that exists (transient and veiled) between X and Y. This article will employ Beach and Pedersen's (2013) process tracing methodology that focuses on explaining outcomes. Such a technique allows one to make within-case determinations as to the presence of ideational causal mechanisms. Furthermore, this article will draw upon Sheri Berman's (2001) three stage proposal for determining the impact of ideational theory in social change. First, one must determine why one particular idea *rose to prominence*. Second, one must map the ideas' ability to *maintain longevity or significance*. Third, one must address the degree of *influence* of the idea. This methodology - an amalgamation

of explaining-outcome process-tracing and Berman's three stage ideational framework – will be applied to a single ideational causal mechanism: Chartism.

Early Australian economic and political development

The reasons for the British colonisation of Australia are hotly debated, ranging from military and economic imperatives after the loss of the American colonies, to domestic economic and population concerns (Fletcher 1976: 17-21). Whether the forced emigration of convicts was the impetus or not, once the decision to colonise Australia had been made, it is clear that convicts were carefully selected in accordance with the needs of an infant settlement. By and large, the convicts were of a high calibre, mostly skilled and evenly divided into distinct areas of expertise; furthermore, they had been sentenced to a minimum of seven year terms - a suitable time frame for colonial development (Meredith and Oxley 2005). Non-convict immigrants were not a significant contributing factor in the economy until the 1820s (McLean 2013: 45). The UK military administered a virtual command-economy structure over the fledgling settlement, and the skilled convicts were a perfect source of cheap labour. Between 1788 and 1866 (when convict transportation to Australia ended), a total of 139,000 men and 26,000 women were transported to Australian shores to serve various criminal sentences (Tuffin 2013: 1-12). Not only did the convicts possess many skills appropriate to the construction of a colony, but the colony's workforce participation rate was maximised due to its gender, age, and physical condition (McLean 2013: 45). The colony was freed from the responsibilities of care of children and the elderly. Healthy, young, skilled men made up the core of the colony, and they were put to work the moment they landed (McLean 2013: 46). The colony was bolstered with generous financial subsidies from the UK to fund imports (Steven 2000: 49). In order to self-finance its growth the colony embarked on a 'search for a staple'; an item that could be exported cheaply, efficiently, and in large volumes to foreign markets (McLean 2013: 50).

Australia soon found its staple: wool. In the early 1820s, large grasslands were colonised in the central-west of the New South Wales colony; the appropriation of this fertile land heralded Australia's first resource boom (Fletcher 1976: 118). The underlying factor endowments of the settlement matured from being a labour-, capital- and land-scarce settlement to

labour- and capital-scarce but land-abundant (McLean 2013: 59). With land effectively priced at zero a ‘squattocracy’ prospered. Capital inputs were virtually non-existent, excepting the sheep, which themselves reproduced. Squatters drew heavily on convict labour, depressing initial wages (Steven 2000: 48). Wool – as a light, non-perishable, high value good – was a cost-efficient option for transportation from land to port (without the need for capital investment in costly roads or train tracks) (McLean 2013: 61). It required few peripheral industries; the wool was unprocessed, packed into bales, and exported as such. Under such conditions wool became the primary export for Australia over 130 years (1820s to the 1950s [excluding the primacy of gold in the 1850s/60s]) (McLean 2013: 58).

Squatters, who controlled the land, and drew heavily from indentured labour, dominated the colonial economy, and consequently, sought to dominate its nascent political structures. Squatters became incentivised to work together resulting in group enforcement in matters of boundary contestation and political arbitration (Alston *et al.* 2012). A cohesive and powerful political block developed. In 1823, a Legislative Council was created in New South Wales consisting of seven appointed members; in 1842, the Council expanded to 12 nominated and 24 elected members (with suffrage extended to voters meeting certain property-qualifications) (McLean 2013: 63-4). Half of the members of the first three Legislative Councils ‘were shareholders of the Australian Agricultural Company’ (Normington-Rawling 1963: 13). More importantly, rural areas secured three-quarters of the members whilst the burgeoning towns were left with only a quarter (the inverse of their population differences). In 1850, Australian Legislative Councils were required by the British Parliament to be ‘one-third nominated and two-thirds elected’, however, in constructing the first constitution, squatters sought provisions such as ‘a nominated upper house, the perpetuation of unequal electorates, and a restricted franchise favouring property owners’ (McLean 2013: 64). In both form and content, through property and rural franchises, squatters entrenched their political dominance (Fletcher 1976: 148).

The squatter’s distortion of political institutions extended beyond the houses of parliament. Squatters in Australia violently displaced the Indigenous population and illegally secured their claims. Heavily armed police, who took their orders from pastoralist-dominated magistrates, were tasked with ‘overcoming Aboriginal resistance to dispossession’ (McCulloch 1999). Their goal was to protect squatters and open up new

land. Victorian police forces continued to protect squatter interests (at the expense of Aboriginal communities, small farmers, labourers and independent miners) well into the 19th century (McCulloch 1999). Squatters sought to legitimise their land holdings in the 1830s, long after the land was procured and after they had secured the colony's political institutions. By 1850, 2000 squatters in New South Wales accounted for 73 million acres of land (Fletcher 1976: 117).

As the convict trade dwindled, squatters sought to protect their interests through the domination of social, political, and economic systems and rent-seeking behaviour. There were attempts to import indentured labour from India for use in New South Wales and Victoria (McLean 2013: 132). From the mid-1830s to the 1850s 'scarcely a year passed without' a scheme being devised by the squattocracy to legalise forms of bonded labour and other such practices (Roberts 1935: 337). The first effort was the creation of the *Immigration Committee of 1837*, which 'spoke of the colony crumbling into an abyss if some 10,000 labourers were not soon forthcoming' (Roberts 1935: 337).

The institutional capture that the squattocracy achieved was immense. The Australian economic and political landscape of the 1840s consisted of a single-industry economy powered by convict-labour, with little regard for property rights, and a political system engineered to limit the franchise. At this curious historical juncture, it would have been hard to imagine Australia, a mere decade later, fashioning a democracy that would be the envy of the world.

The gold rush: A resource curse?

Countless studies have chronicled the development of Victoria's democratic institutions. This article does not seek to revive the tale of Australia's democratic birth, rather, it seeks to re-examine it against the resource curse literature. The resource curse literature continues to flourish well into the twenty-first century as political-economy theorists reinvigorate the theory by mapping the interplay between political institutions and resource endowments. W. Max Corden and J. Peter Neary (1982) developed an economic model, the Dutch Disease, in response to the 1970s crises that emanated from supply-side shocks born of large resource endowments. They hypothesised an economic model of two tradable sectors (boom and non-boom) and a third non-tradable sector.

When an economy is ensnared by a Dutch Disease, labour costs and the real exchange rate rise resulting in the non-boom sector being crowded out.

The negative economic effects of a resource boom were further developed in what came to be known as the Resource Curse, a term first used by Richard Auty (1993). Scholarly research which scrutinised the link between large resource endowments and stagnant growth proliferated throughout the following decade (Ross 1999). The resource curse expanded its economic analysis to highlight the role of transnational companies, terms-of-trade alterations, volatility in taxes and income, and the rise of emboldened resource-rich elites as all contributing to stagnant growth outcomes (Goodman and Worth 2008: 203). These studies culminated in the mid-90s in a discussion paper presented by Jeffrey D. Sachs and Andrew M. Warner (1995) that applied regression analysis to ninety-seven states and asserted that a ‘high ratio of natural exports to GDP’ is correlated with depressed growth rates.

The gold rush in Victoria comprises the single largest mining boom relative to GDP in Australia’s history (McLean 2013: 81). The years 1851 – 1861, the *Golden Age* (Geoffrey Serle (1963), encompass the most pivotal period of economic shock and political contestation in Victoria; as such, it is these years which shall define the parameters of this paper. Within this decade, Australia’s population trebled to a total of 1.1 million people. The primacy of its economic success was in Victoria, where its population increased nine-fold (Littlejohn 2013: 20). Gold mining at its peak, one year after its discovery, comprised 35% of Australian GDP. Within two years, wages had risen across Australia by 250% (Maddock and McLean 1984: 1049). By the third year, the *Victorian Gold Discovery Committee* concluded that gold ‘has made this the richest country in the world; and, in less than three years, it has done for this colony the work of an age’ (The Sydney Morning Herald 28 March 1854: 2). As the flood of immigrants urbanised, Australia experienced a housing boom and the subsequent economic benefits that stem from rapid urbanisation (Cross 1996: 5). High marriage and birth rates followed, and urban areas proved fertile ground for economic growth well into the future (Fahey 2010: 160). High overseas transportation costs incentivised local manufacturing industry growth in support of the rapidly developing economy (Fahey 2010: 150).

In managing the boom, the government constructed a license fee to restrict labour fleeing from other industries to the fields. It operated as an effective barrier to entry, yet only had to be paid monthly, allowing for flexibility in the movement of labour from the fields and back to the farms (McLean 2013: 84). The gold license fee - most notoriously associated with the Eureka Stockade - was a regressive tax that had to be paid whether gold was discovered or not. Further, the government regulated the size of mining plots to '12-feet square, about one-fortieth of Californian practice' (Maddock and McLean 1984: 1062). The unusually small size of the claims would result in portentous long-term effects including a relatively even distribution of wealth, ensuring an avoidance of gold mining monopolies and syndicates.

Ian W. McLean (2004, 2013) has investigated whether the economic ailments identified in resource curse literature surfaced throughout the gold gush, concluding that in the short-term, Victoria exhibited elements of the curse, however, over the long-term, the gold rush contributed to a sustained rise in prosperity. Rodney Maddock and Ian McLean (1984) found that Victoria did indeed experience a Dutch Disease; however, the effects were mitigated by the huge immigration boom that followed, coupled with Australia's ability to stymie outflow immigration as the boom faded. Warwick E. Murray and Richard P. Willis (2010) have examined the role of settler capitalism in both Australia and New Zealand in mitigating a resource curse; including: imperial preferences, the abundant reserves of 'free' land, high wages, and the 'egalitarian' nature of settler colonies. Ultimately, Australia awoke from the gold rush in a healthier economic position than it had begun (McLean 2013) avoiding the worst excesses of an economic resource curse.

The gold rush: A political resource curse?

By the early 2000s, scholarship began to scrutinise the political implications of resource endowments with a focus on the interplay of resources and institutions (Ross 2015). These ideas came to be known as the political resource curse. Such literature posited that the interplay of resource revenues and institutions is often correlated with corruption (Brollo *et al.* 2013), an increase in rent-seeking behaviour (Hook Law *et al.* 2014), the concentration of wealth, the deterioration of the state (Luong and Weintal 2006), and less political competition (Goldberg *et al.* 2008).

These adverse outcomes are the product of ‘grabber-friendly institutions, where rent-seeking and production are competing activities’ in contrast to ‘producer-friendly institutions, where rent-seeking and production are complementary activities’ (Mehlum *et al.* 2006: 2-3). Underpinning good governance institutions is the rule of law, particularly regarding property rights (Luong and Weinthal 2006; Brunnschweiler 2008). Further, the incentives of political leaders during a resource boom can become skewed as resource rents raise ‘the value of being in power and [provide] politicians with more resources which they can use to influence the outcome of elections’ (Robinson *et al.* 2006: 466). Further, as governments experiences an inflow of rents, they are freed ‘from levying taxes’, and thus released ‘from the accountability ordinarily exacted’ by a domestic tax regime (Herb 2005: 298).

Andrew Rosser (2007) highlights the role of ‘social forces in shaping economic policy making in resource abundant countries’ (Rosser 2007: 41): concluding that the successful management of a resource boom is driven in large part by social structural forces. Democratic demand side factors are often neglected in the study of a resource curse; however, they play a pivotal role, and it is crucial that in overcoming a resource curse, ‘societal actors [...] have both the interest and ability to make a credible demand for [good governance institutions]’ (Luong and Weinthal 2006: 254). Often, it is a plurality of political and economic contention that can best limit a resource curse from taking hold (Goldberg *et al.* 2008).

The political resource curse literature is also concerned with a rise in insecurity and civil conflict in resource dependent states. There is a correlation between the location and character of the resource. When resources are closer to poorer regions, or marginalised ethnic groups, then civil conflict becomes more likely (Ross 2015: 251). Such conflict was rife during both Australia’s pastoral and gold resource booms. A direct correlation in Australia between the rush to resources and resulting conflict can be drawn (Steven 2000: 63). Squatter expansion across Australia unleashed violence against the indigenous population; and when the land revealed its gold, violence was sanctioned with the same unrelenting passion. Victoria’s gold rush saw an unequivocal rise in civil conflict between the prospectors and the traditional owners of the land (Boucher 2013; Miller 2015). The Australian Aboriginal population declined rapidly throughout the 1850s (Boucher 2013: 97). By the mid-1850s, the *Committee Appointed to Enquire in the Condition of the Aborigines* was created, at the request of Legislative Council member, Thomas

McCombie, who observed in 1856 that there was ‘scarcely a spot... where the aborigine could rest his weary feet [...] Victoria is now entirely occupied by a superior race’ (Boucher 2013: 97).

Australia’s first resource boom (land) exhibited many of the elements of a political resource curse. However, Australia’s second great boom (gold) heralded Australia’s democratic birth. It is this economic contention between pastoralists and diggers (material causal factors) which provided the stage upon which political contention could rage (ideational causal factors).

Chartism and writing Australian history

Many scholars have meticulously documented the role of immigrants in advancing transnational agendas and promoting an egalitarian ethos at the Eureka Stockade including American Republicanism (Potts and Potts 1968: 145-64), Methodist Cornish Miners (Fahey 2008), Irish Catholics (Currey 1954), and the influence of Chinese diggers (Gittins 1981). Yet, only recently has the influence of UK Chartism been examined in detail.

The politics of early Australian history is not easily severed from the politics of today; when we speak of Australia’s nativity, it can be difficult to discern if the narrative one weaves has as its purpose historical observation, or the advancement of a contemporary doctrine. A troubled history, both young and rather artificial, is particularly prone to contestation. Such controversy has come to be known in Australia as the ‘History Wars’ (Clark and Macintyre 2004). This ideological baggage may go some of the way to explain the apparent neglect of appreciation for Chartist ideational influence within colonial Victoria. Chartism, as a failed yet radical working-class British movement, is not the institution of the motherland which the ultra-conservative right most wish to proselytise on. Its’ very British nature also sits just as uneasy with the old labour-Left, who welcomed many foreigners into the narrative of Eureka (and kept just as many out), however, never quite lost their antipathy for the empire.

It is only recently that Chartism, and its effects upon Australia, has enjoyed renewed scrutiny. Kirsty Reid has sought to understand the psychology of individuals who carried Chartist ideas with them to the shores of Australia (Reid 2008). Other scholars, whilst seeking to establish a wider-internationalist tent from which Australian democracy was born, now acknowledge the contribution of Chartist principles as underpinning

Victorian democracy (Beggs-Sunter 2008). Paul Pickering has engaged in the most energetic attempts to re-situate Chartist ideas within Australian colonial development: examining colonial-Australian Chartist ideas in communication with the wider British world (Pickering 2003), arguing that Australia provided a malleable political-space for Chartists to advance their ideological ambitions (Pickering 2011), and seeking to more coherently map their historical influence (Pickering 2001).

Political contention and Chartism: 1851-1860.

Victoria separated from New South Wales and became its own formal colony in 1851. It was granted a limited form of self-government comprised of a single house: the Legislative Council, with twenty members elected (suffrage was extended to literate male constituents, over the age of 21, who met discriminative property requirements) and a further ten members assigned by the Governor, a British appointee (Table Office 2009). Rural pastoral interests were decisively favoured in the parliament with only seven members representing the heavily populated regions of Melbourne and Geelong (Table Office 2010). The primary goal of this Council was to draft Victoria's constitution; they would succeed in this goal by 1855, and it was approved by the British government with its implementation in 1856 (Table Office 2009). The constitution prescribed a Westminster system of two houses: a Legislative Council and a Legislative Assembly, and an appointed Governor who acted on advice of the parliament (Table Office 2009). Utterly unknown to the colony at the time, the drafting of its constitution would play out against the background of the gold rush and the flood of new immigrants. As a consequence, Victoria's constitution would see radical political innovations such as secret ballot introduced, and provision for a fully elected parliament (Table Office 2009).

In 1858, Legislative Council member McCombie noted that Victoria had transformed itself from 'a perfect despotism [...] to the very opposite point of democracy' (Boucher 2013: 83). Victoria had far exceeded the democratic achievements of its 'motherland'. By 1861, full manhood suffrage (1859), a secret ballot (1856), the abolition of the property qualification for the lower house (1857), and shorter parliaments (1858-1859) had all been achieved (Pickering 2001). No substantial improvements could be made regarding skewed constituencies favouring

rural interests and gender restrictions. Chinese immigrants found their freedoms to be further restricted and the Indigenous population continued to have their basic rights restricted. However, in many regards, Victoria accomplished democratic constitutional change considered radical in England: it advanced good governance institutions, fortified the rule of law, expanded the franchise and facilitated political competition, all helping to limit rent-seeking behaviour by vested interests. It is this paper's argument that this dramatic political evolution was driven in large part by an ideational agenda framed, shaped, and propelled by Chartist ideas.

The political institutions of 1851 Victoria had sought to fortify the interests of the pastoral community. However, over the next decade these same political institutions had to contend with a mass of new immigrants. With the squattocracy unwilling to cede power to the demands of this new constituency, the immigrants perceived their economic and political security to be at risk. Chartist ideas bestowed a flexible rhetoric with which the new immigrants could voice a coherent political opposition that went to the heart of their material grievances. The deployment of this ideational force allowed new immigrants to enact short-term political reforms, whilst the Chartist-inspired language of agrarian-equality provided an amenable framework to stage long-term cohesive opposition to pastoral interests.

Chartism, a class-based democratic movement that originated in England, was formed around six core demands first voiced in 1777 when John Cartwright published 'The Legislative Rights of the Commonalty Vindicated' (Rosenblatt 1916: 23). These ideas were not new, and Chartists looked to a wide array of political movements and historical texts in order to bolster their claims (Rosenblatt 1916). The six demands, published in The People's Charter (from which Chartism takes its name) include: universal male suffrage, the elimination of property qualifications for members of parliament, annual elections, equal constituencies, payment for MPs, and a secret ballot (Sawer 2001: 2). As Chartist ideas floundered in the UK, they found amicable recipients amongst the diggers of the Victorian goldfields, and quickly rose to prominence with a swift and energetic resolve. The gold rush brought a substantial contingent of Chartists to the mining fields (Sawer 2001). Their links to the diggings, miner newspapers, and political organisation has been well chronicled (Messner 1999).

The political issues that dominated Victoria differed greatly to the issues that gripped England a decade earlier; however, Chartism provided a flexible framework that allowed the citizenry of Victoria to voice their unique discontent. The immediate issue vexing miners was taxation, and the aggressive government tactics deployed to enforce it. However, the dominant issue, which evolved over the decade, was that of land. The squattocracy, who were seen as the key enemy of democracy, aggressively sought to ratify their unsanctioned claims (Miller 2015). As the new immigrants sought to permanently settle, their hopes for success rested upon more equitable access to farmland. Underlying both these areas of contention (taxes and land) was dissatisfaction with a political system trapped by special interests. It was the political institutions of Victoria - that taxed new immigrants regressively, yet, implemented policies in favour of the squattocracy - that incited discontent. The fundamentals of a parliamentary system proved desirous to the majority of the population, yet, the structural incentives, governed by a limited franchise that favoured rural constituents, proved unacceptable to the colony's new inhabitants.

It is within this world that Chartist ideas rose to prominence. On the 11th of November 1854, 15,000 people gathered at The Ballarat Reform League to protest the miner's licence fee (Beggs-Sunter 2008). By the end of the meeting, they had transcribed their own Charter that contained five demands drawn directly from UK Chartism: 'full and fair representation, manhood suffrage, no property qualification of Members for the Legislative Council, payment of Legislative Members, and shorter duration of Parliament' (Ballarat Reform League Charter 2015). Requiring a framework to express their material grievances, the diggers of Ballarat looked to Chartism. Chartist ideas became the elemental ideational force propelling democratic demands in Victoria. The diffusion of Chartist ideas amongst miners was driven both by a process of rapid learning and emulation. By drawing upon demands previously established by the UK Charter, miners were provided with a framework which defined their end goal and diffused it as shared knowledge. Chartism, as an idea, became not just a roadmap, but a final destination.

By 1861, Victoria had made substantial progress towards fulfilling three of the five demands of the Ballarat Reform League Charter, including full male suffrage (1859), reductions in property qualifications (1857), and shorter parliaments (1858-1859) (Pickering 2001: 36). Gold rush inflation also played a significant role in rendering the property qualification for manhood suffrage inconsequential, quickening its demise (Hirst 1988:

103). Although efforts to unburden miners of the licence fee were shot down at Eureka Stockade, full manhood suffrage was achieved, nullifying the tension resulting from taxation without representation. It was only with regards to payment of members and fair representation (skewed rural constituencies) that progress stalled. As such, these issues continued to cultivate considerable contestation (Scalmer 2011). However, Chartist ideas had institutionalised themselves with rapid speed and, now normalised, expectations evolved.

As land became the dominant issue, political rhetoric became infused with Chartist ideology in the fight against squatter interests. Chartist ideas, which developed in Europe as much against idle landholding aristocrats as against industrial capitalists, was steeped in a language of agrarian equality and natural rights to land (Goodman 1988: 33). Australia's material conditions proved to be fertile ground for the pre-industrial flavoured Chartist philosophy. In Victoria, as the gold rush petered out, immigrants looked to land to secure their opportunity for economic independence. A language that spoke to 'natural rights' proliferated amongst Victorian immigrants. Chartist language created a form of rhetorical momentum that worked to redefine the terms of debate. A vocabulary that spoke to agrarian equality equipped new immigrants with a language that reshaped their conception of fundamental rights. Through expanding miners' rhetorical depth, the language of Chartism opened up new political possibilities.

Local meetings addressing land reform became common as Chartist inspired 'leaders of the anti-licence movement, including J. F. Sullivan, W. D. C. Denovan, John Macintyre and Angus Mackay' led the land reform fight (Fahey 2008: 170). Political agitation grew throughout the 1850s, with breakouts of violence common (Shaw 1973). Protest culminated in the *Victorian Land League* and the *Land Convention of 1857*. Chartists had been forming land associations in the UK since the 1840s (Pickering 2003: 88); and political agitation in Victoria mirrored many of the same tactics employed by Chartists in the UK. The *Victorian Land League* and the *Land Convention of 1857* 'organised hundreds of public meetings and many demonstrations' over the next two years (Scalmer 2011: 345). By mid-1858, parliament responded with a reform-bill seeking to distribute land in a more equitable manner. Although it was rejected by the Upper House (where pastoral interests dominated), 20,000 marched on Parliament and riots broke out; still, the Upper House did not budge, and prorogued itself for half a year until quiet fell back upon Victoria (Scalmer 2011: 346). The conservative-leaning Melbourne newspaper, *The Argus* (2 June 1858: 1),

declared that such agitation resulted from ‘combative Chartists [pronouncing] noisy harangues on the wrongs of the people’ (Shaw 1973: 550). Two years later, in 1860, crowds again stormed Parliament in protest against a second land reform bill, and once again, they were pushed back and violently dealt with (Shaw 1973: 556).

The Ballarat Reform League Charter achieved success in three of its five Chartist-inspired aims throughout the 1850s. Success was limited in the fight against the remaining two: land redistribution and more equal electoral constituencies. By and large, squatters managed to protect their core material interests throughout the 1850s. However, squatters saw their political power diminish over subsequent decades. In large part, this future success is due to the early democratic reforms achieved in the 1850s. Chartism comprised the crucible in which early Australian democracy came to be forged. By securing popular democratic control of the Lower House of Parliament, a generally peaceful (if slow) resolution of the land issue transpired over the next four decades.

Overcoming a resource curse: Political and economic contention

Ultimately, the story of 1850s Victoria is a story of political and economic contention. Core material interests motivated the contention, yet ideational rhetoric helped to consolidate a coherent opposition. Before 1851, Australia was an economy dominated by wool with a governance structure skewed towards pastoral interests. Over the course of the decade, it became an economy dominated by gold and a world leader in democratic governance. Two sides fought it out. The squattocracy sought to secure their land holdings, maintain a cheap labour force, and ensure their dominance of political institutions. They hoped to hoard wealth amongst a few and build ‘grabber-friendly institutions’ diminishing economic competition. The new immigrants sought to open up land, fortify their labour rights, and muscle their way into governance. They pursued ‘producer friendly institutions’ inciting economic competition.

Many of the key material causal factors that resulted in Victoria overcoming an economic resource curse also helped to contain a political resource curse. The allotment size of the claims and the geological nature of alluvial gold resulted in a paucity of wealth concentration and promoted mass immigration. The equitable material foundations worked to contain uneven distribution of rents, limiting the advancement of corruption, rent-

seeking and patronage behaviour. This helped to ensure the gold rush did not have a corrosive or corrupting effect on political institutions. Furthermore, the gold rush did not see huge resource rents flow to the government – a key component that abets a political resource curse – rather, it saw the opposite, as the governments of the colonies financed themselves with large loans from the UK (McLean 2013: 82).

Buttressed by this equitable distribution of wealth, the new immigrants sought to enshrine their future rights through democratic participation and equal access to land. It is here that we see the influence of ideational forces in shaping the political institutions that manage a resource boom. Victoria's achievements in advancing democratic institutions lay in rigorous political competition. As one resource boom balanced another, gold made Victorian politics competitive. A homogenous constituency, emboldened by new wealth from the gold rush, and with access to rhetorical channels of democratic reform, were ready to fight. These social forces clothed themselves in a powerful idea: Chartism, which experienced a rapid rise on the gold fields as it diffused amongst the miners. Chartism gave shape to political ambitions and provided a roadmap to achieve them.

Chartism achieved swift success in advancing three of its five demands. However, land reform revealed itself to be a more stubborn beast. It proved too difficult to wrest control from the pastoral community its key material interest. Yet, early achievements in democratic reform eventually secured the slow dissolution of the squattocracy. Chartism, with its rhetorical and ideational cohesion, allowed for persistent political contention throughout the decade. Perhaps one of the lessons to take from this particular case study is that entrenched constituencies are almost always unwilling to relinquish their material interests, but, if the focus is on the advancement of democratic institutions generally, then those same interests might find themselves unwittingly acquiescing to their eventual decay.

Conclusion

Many propose that the march of liberal history in Australia was inevitable: a gift from the UK, natural to the population and always welcome on Australia's shores. While it is true that the foundations of constitutional democracy were laid before the gold rush, so were the more autocratic foundations of the early squatter-elite. Evidently, the gold rush ignited political and economic contention that moderated the squatters' worst

impulses. By nurturing competition, it mitigated the rent-seeking behaviour so common to a resource curse. Such competition is not only the foundation of long-term stable economic growth, but also of healthy political competition.

Political competition relies on a push and pull as disenfranchised actors demand change and powerful elites object to supplying it. Often following a resource boom, elites fortify their strength, limiting their willingness to supply what is coveted. Yet in Victoria, the gold rush emboldened disenfranchised social forces to voice their demands. Chartism proved agile in articulating the material grievances that plagued many Victorians. It clarified political contention and offered a framework with which to seek change. It was rapidly emulated, facilitated widespread learning, reshaped expectations, made an opposition conceivable, and recast nascent desires as coherent political aims. Even as elites refused to supply all the demands that were petitioned of them, by ceding elements of their political power, they opened up channels that allowed political contestation to thunder in avenues previously closed.

Not all were welcome to participate in this democratic exchange. Chinese immigrants and Indigenous Australians found these same channels of democratic contention closed. It is clear that the gold rush (like the squattocracy) ignited rapid civil conflict as the Aboriginal population of Victoria were displaced, often violently, on a mass scale. The settlers' comparative advantage in violence ensured that this civil conflict was one-sided, and within the decade, starved of any possibility of retaliation. In this regard, Victoria indisputably experienced a political resource curse.

This case study demonstrates that ideational causal mechanisms have a role to play in advancing democratic institutions during a resource boom. This hypothesis demands of a situation a varied and particular set of circumstances. As has been well established in the political resource curse literature, the institutions preceding contention are key: they must allow for channels with which political contention can flood, so competition may thrive. However, the theoretical implications of this observation call for a closer study of the interplay of ideas upon a political resource curse. When a constituency has both the ability and the interest to demand better institutions, the right ideas may equip them with a cohesive framework to advance their political contention, helping to restrain the institutional deterioration that can be born from a resource boom.

Martin Emmet O'Donnell is a part-time lecturer in the Faculty of Education and Arts, Australian Catholic University

Martin.O'Donnell@acu.edu.au

References

- Alston, L.J., Harris, E., and Mueller, B. (2012) 'The Development of Property Rights and Frontiers: Endowments, Norms and Politics', *The Journal of Economic History*, Vol. 72, No. 3. pp. 741-70.
- Auty, R.M. (1993) *Sustaining Development in Mineral Economies: The resource curse thesis*, London; New York: Routledge.
- Ballarat Reform League Charter (2015) 'Eureka Stockade: Ballarat Reform League Charter', Public Record Office Victoria, viewed 27th March 2017, available: http://wiki.prov.vic.gov.au/index.php/Eureka_Stockade:Ballarat_Reform_League_Charter.
- Beach, D. and Pedersen, R.B. (2013) *Process-Tracing Methods: Foundations and Guidelines*, Ann Arbor: University of Michigan Press.
- Beggs-Sunter, A. (2008) 'Eureka: Gathering "the Oppressed of All Nations"', *Journal of Australian Colonial History*, Vol. 10, No. 1, pp. 15-34.
- Berman, S. (2001) 'Ideas, Norms, and Culture in Political Analysis', *Comparative Politics*, Vol. 33, No. 2, pp. 231-50.
- Boucher, L. (2013) 'Race, Rights and the Re-Forming Settler Polity in Mid-Nineteenth Century Victoria', *Journal of Australian Colonial History*, Vol. 15, pp. 83-104.
- Brollo, F., Nannicini, T., Perotti, R., and Tabellini, G. (2013) 'The Political Resource Curse', *The American Economic Review*, Vol. 103, No. 5, pp. 1759-96.
- Brunnschweiler, C.N. (2008) 'Cursing the Blessings? Natural Resource Abundance, Institutions, and Economic Growth', *World Development*, Vol. 36, No. 3, pp. 399-419.
- Clark, A. and Macintyre, S. (2004) *The History Wars*, Carlton, Victoria: Melbourne University Press.
- Corden, W.M. and Neary, J.P. (1982), 'Booming Sector and De-Industrialisation in a Small Open Economy', *Economic Journal*, Vol. 92, No. 368, pp. 825-48.
- Cross, G. (1996), 'Labour in Settler-State Democracies: Comparative Perspectives on Australia and the US, 1860-1920', *Labour History*, Vol. 70, pp. 1-24.
- Currey, C.H. (1954) *The Irish at Eureka*, Sydney: Angus and Robertson.
- Fahey, C. (2008) "'Foreign to Their Feelings as Freemen": Liberal Politics in a Goldfields Community, Bendigo 1853-1883', *Journal of Australian Colonial History*, Vol. 10, No. 1, pp. 161-81.
- Fahey, C. (2010) 'Peopling the Victorian Goldfields: From Boom to Bust, 1851-1901', *Australian Economic History Review*, Vol. 50, No. 2, pp. 148-61.
- Fletcher, B. (1976) *Colonial Australia Before 1850*, Sydney: Nelson.

- Goldberg, E., Mvukiyehe, E. and Wibbels, E. (2008) 'Lessons from Strange Cases: Democracy, Development, and the Resource Curse in the U.S. States', *Comparative Political Studies*, Vol. 41, No. 4/5, pp. 477–514.
- Goodman, D. (1988) 'Gold Fields/Golden Fields: The Language of Agrarianism and the Victorian Gold Rush', *Australian Historical Studies*, Vol. 23, No. 90, pp. 19-41.
- Goodman, J. and Worth, D. (2008) 'The Minerals Boom and Australia's "Resource Curse"', *Journal of Australian Political Economy*, Vol. 61, pp. 201-19.
- Herb, M. (2005) 'No Representation without Taxation? Rents, Development, and Democracy', *Comparative Politics*, Vol. 37, No. 3, pp. 297-316.
- Hirst, J. (1988) *The Strange Birth of Colonial Democracy: New South Wales 1848-1884*, Sydney: Allen & Unwin.
- Hook Law, S., Jafari, Y. and Sarmidi, T. (2014). 'Resource Curse: New Evidence on the Role of Institutions', *International Economic Journal*, Vol. 28, No. 1, pp. 191-206.
- Littlejohn, M. (2013) 'The First Mining Boom: The Impact of the Gold Rushes on Colonial Victoria', *Agora*, Vol. 48, No. 1, pp. 20-3.
- Luong, P.J. and Weinthal, E. (2006) 'Rethinking the Resource Curse: Ownership Structure, Institutional Capacity, and Domestic Constraints', *Annual Review of Political Science*, Vol. 9, pp. 241-63.
- Maddock, R.. and McLean, I. (1984), 'Supply-Side Shocks: The Case of Australian Gold', *The Journal of Economic History*, Vol. 44, No. 4, pp. 1047-67.
- McCulloch, J. (1999) 'Keeping the Peace or Keeping People Down? Policing in Victoria', History of Crime, Policing and Punishment Conference convened by the Australian Institute of Criminology, viewed 29th February 2017, available: http://www.aic.gov.au/media_library/conferences/hcpp/mcculloch.pdf.
- McLean, I.W. (2013) *Why Australia Prospered: The Shifting Sources of Economic Growth*, Princeton, New Jersey: Princeton University Press.
- Mehlum, H., Moene, K. and Torvik, R. (2006) 'Institutions and the Resource Curse', *Economic Journal*, Vol. 116, No. 508, pp. 1-20.
- Meredith, D. and Oxley, D. (2005) 'Contracting Convicts: The Convict Labour Market in Van Diemen's Land 1840-1857', *Australian Economic History Review*, Vol. 46, No. 1, pp. 45-72.
- Messner, A. (1999) 'Land, Leadership, Culture, and Emigration: Some Problems in Chartist Historiography', *The Historical Journal*, Vol. 42, No. 4, pp. 1093-1109.
- Miller, P. (2015) 'Antipodean Patrimonialism? Squattocracy, Democracy and Land Rights in Australia', *Political Power and Social Theory*, Vol. 28, pp. 137-63.
- Murray, W.E. and Willis, R.P. (2010) 'Breaking the Resource Curse - the cases of New Zealand and Australia', *Australian Studies*, Vol. 2, No. 2, pp. 1-16.
- Normington-Rawling, J. (1963) 'Before Eureka', *Labour History*; Vol. 4, pp. 11-8.
- Pickering, P.A. (2001) 'A Wider Field in a New Country: Chartism in Colonial Australia', in M. Sawyer (ed.), *Elections Full, Free and Fair*, Sydney: The Federation Press, pp 28-44.

Pickering, P.A. (2003) 'Ripe for a Republic: British radical responses to the Eureka stockade,' *Australian Historical Studies*, Vol. 34, No. 121, pp. 69-91.

Pickering, P.A. (2011), 'A Lesson Lost? Chartism and Australian Democracy', *Agora*, Vol. 46, No. 4, pp. 4-10.

Reid, K. (2008) 'The Horrors of Convict Life British Radical Visions of the Australian Penal Colonies', *Cultural and Social History*, Vol. 5, No. 4, pp. 481-95.

Roberts, S.H. (1935) *Squatting in Australia: 1835 - 1847*, Melbourne: Melbourne University Press.

Robinson, J.A., Torvik, R. and Verdier, T. (2006) 'Political Foundations of the Resource Curse', *Journal of Development Economics*, Vol. 79, No. 2, pp. 447-68.

Rosenblatt, F.F. (1916) *The Chartist Movement in its Social and Economic Aspects*, New York: Columbia University.

Ross, M.L. (1999) 'The Political Economy of the Resource Curse', *World Politics*, Vol. 51, pp. 297-322.

Ross, M.L. (2015) 'What Have We Learned about the Resource Curse?', *Annual Review of Political Science*, Vol. 18, pp. 239-59.

Rosser, A. (2007) 'Escaping the Resource Curse: The Case of Indonesia', *Journal of Contemporary Asia*, Vol. 37, No. 1, pp. 38-58.

Sachs, J.D. and Warner, A.M. (1995) *Natural Resource Abundance and Economic Growth*, Cambridge, Mass.: Harvard Institute for International Development.

Sawer, M. (2001) 'Pacemakers for the World' in M.Sawer (ed.), *Elections Full, Free and Fair*, Sydney: The Federation Press, pp 28-44.

Scalmer, S. (2011) 'Containing Contention: A Reinterpretation of Democratic Change', *Australian Historical Studies*, Vol. 42, No. 3, pp. 337-356.

Serle, G. (1963) *The Golden Age: A History of the Colony of Victoria, 1851-1861*, Melbourne: Melbourne University Press.

Shaw, A.G.L. (1973) 'Violent Protest in Australia History', *Historical Studies*. Vol. 15, No. 60, pp. 545-61.

Steven, R.. (2000) 'White settler origins of Australia', *Journal of Australian Political Economy*, Vol. 46, pp. 44-70.

Table Office Department of the Legislative Council (2009) 'Information Sheet 7 – The Legislative Council's History', Parliament of Victoria, viewed 27th March 2017, available: <http://www.parliament.vic.gov.au/council/publications-a-research/information-sheets/7-the-legislative-councils-history>.

Table Office Department of the Legislative Council (2010) 'Information Sheet 17 – The Legislative Council's Electoral System 1851 – 2003', Parliament of Victoria, viewed 27th March 2017, available: <https://www.parliament.vic.gov.au/council/publications-a-research/information-sheets/17-electoral-system-1851-2003>.

Tuffin, R. (2013) 'Australia's Industrious Convicts: A reappraisal of archaeological approaches to convict labour', *Australian Archaeology*, Vol. 76, pp. 1-12.