

THE BRITISH NEW GUINEA SYNDICATE AFFAIR OF 1898

By

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Australian concern in the affairs of New Guinea before the declaration of the British Protectorate in 1884 is well-known, especially such events as the purported annexation in 1883 for Queensland at the instigation of Sir Thomas McIlwraith.¹

Less well known is the degree of Australian interest after the annexation. In fact interest was much diminished for the achievement of British sovereignty meant the satisfaction of much of Australian concern. Thus the dominant need for security was felt to be largely satisfied by the existence of a British state, the early agitation against the German annexations in the north which had caused great outcry at the time had died down; traders were able to carry on their operations subject only to the restrictions introduced by the early administrators to protect the natives, now significantly subjects of Britain; there were the beginnings of an effective jurisdiction in the islands to replace the ineffective Western Pacific High Commission jurisdiction based on distant Fiji; missionaries were not opposed to the more settled administration.

This diminished interest after the high degree of concern between 1883 and 1888 is the first point that needs to be made, for the British New Guinea Syndicate Affair cannot be understood without appreciating this early indifference shown to the new colony. The first ten years of British New Guinea are a history of reluctance by the Australian colonies and by Britain to invest in or to support the new colony, a period during which the Administrator Sir William Macgregor was able to apply his theories of government of native peoples.

Suddenly in May 1898 public interest was re-directed to New Guinea after over ten years of little concern with its problems. The supposed granting of control of 250,000 acres of land in New Guinea (out of

1. The major primary sources for this article are: (1) British New Guinea, Original Correspondence to Colonial Office (Public Records Office, London); (2) British New Guinea Annual Reports and Minutes of Executive and Legislative Councils; (3) British Parliamentary Debates and Papers; (4) Queensland Parliamentary Debates and Papers; (5) London Missionary Society Records (Livingstone House, London).

58 million acres in the Possession) to a British company—the British New Guinea Syndicate—resurrected all the attacks on Imperial unconcern with Australian aspirations and rights. Under the public sound and fury there were crises in the affairs of the island that needed immediate solution, but such a disturbed atmosphere was not conducive to logical considerations. The agreement between the three contributing Australian colonies—Queensland, New South Wales and Victoria—expired in 1898 and needed fresh consideration; the Administrator, Sir William Macgregor, was due to leave and needed replacing; the Colonial Office had recently made the debatable suggestion that the Solomon Islands Protectorate should be added to the administrative area of British New Guinea.

The British New Guinea Syndicate Affair then caused a change in public interest in New Guinea; it came at a time when there were definite crises in the affairs of the young colony; it revived the perennial dispute between the mother country and her Australian colonies growing in responsibility.

The public storm over the British New Guinea Syndicate scheme was brief, but it did serve to bring into prominence the current attitudes of all sections that were concerned in the island. It is these attitudes and their effect on the future of New Guinea that are significant, especially in regard to the always complex relationships between Britain, the Australian contributing colonies and New Guinea.

The facts of this British New Guinea Syndicate scheme, so far as they can be disentangled from the obscurities of political abuse, began with a plan conceived in London in May 1897 (? inspired by the visit of one of the promoters to Australia in 1896) to develop the land of British New Guinea. The Syndicate submitted their plan to the Colonial Office who referred them to the Queensland ministers—Sir Hugh Nelson and T. J. Byrnes—then in London attending the Jubilee. A meeting in June between the Queensland ministers and the promoters of the Syndicate did encourage the Syndicate, but left any decision to the Lieutenant-Governor in New Guinea. Sir Hugh Nelson reported to the Colonial Office that he was personally favourably disposed to the idea of large-scale development in general and to the British New Guinea Syndicate in particular.

A representative of the British New Guinea Syndicate went to Australia, met Macgregor, and Macgregor in December approved of the scheme. However, at a meeting held in Melbourne in January 1898 between Macgregor and the premiers of the three contributing colonies called to consider future administration, no discussion of the scheme appears in the minutes of the meeting. This is significant because of later denials that the scheme was known to these premiers, despite the evidence that these premiers were officially notified of the scheme by an earlier letter.

Meanwhile an Ordinance to permit the concession was being drafted in New Guinea and this was forwarded to the legal department at Brisbane for completion. The Attorney-General (Byrnes) refused to assist in the drafting due to an earlier dispute about payment of expenses (£10/10/-) by the New Guinea Government, and the drafting was finished by a private lawyer.

This Ordinance when returned to New Guinea was rapidly passed by the Legislative Council (21/3/1898) and forwarded to Queensland. This was the regular practice for British New Guinea was a British Crown Colony with a certain anomalous power of supervision given to the Queensland Governor-in-Council. Queensland approved the Ordinance, whereupon the Governor of Queensland cabled the fact of acceptance to the British New Guinea Syndicate representatives.

After Queensland's approval the Ordinance was sent to the Colonial Office for Imperial sanction. The Colonial Office suggested certain minor amendments to New Guinea through Queensland, and to the Syndicate. As the Syndicate agreed to these amendments the Colonial Office told them that they could proceed on the understanding that there would be no further reference to Queensland and the Syndicate paid their first £1,000 for the land.

In April Victoria and New South Wales were formally told of the Ordinance by Queensland. The first protests to the scheme appeared in the Victorian press and then the Premier of Victoria, Sir George Turner, complained on 19th May by telegram to Queensland against the scheme. The New South Wales Premier (G. H. Reid) joined in the protest, and Byrnes (now Premier of Queensland) then requested the Colonial Office not to sanction the ordinance.

The Colonial Office refused this request, after which protests from the three colonies increased. Baron Lamington, the Governor of Queensland, supported ratification. At the same time the Syndicate, through its solicitors, urged completion of the scheme. Queensland protests to Britain were increased by opposition to the choice of G. R. Le Hunte as the new Lieutenant-Governor of British New Guinea.

Byrnes died in October and following this protests decreased, but despite efforts of Macgregor in the various colonies there was no approval of the scheme. The Colonial Office insisted that the colonies settle the matter with the Syndicate, and not till there was agreement among the colonies to compensate the Syndicate to a certain extent did the Colonial Office disallow the Ordinance. New South Wales then refused to ratify this decision and prolonged final settlement.

Such is a brief outline of the facts, an outline that tried to avoid controversial points and was therefore bald. In result it may seem that nothing had been achieved by this British New Guinea Syndicate scheme, no land had been granted, no changes made in the administration of British New Guinea. What then was its significance? A closer analysis of the motives behind the different actors, and the interpretations they placed on their opponents' motives will reveal the complexities of the matter and lead to a realisation of its significance.

Even the Syndicate would admit that it was speculative in the sense of hoping to make profits from its scheme to produce rubber and other products from the quarter million acres it was demanding. But it had succeeded in convincing Macgregor of its genuine desire to develop the island, of the soundness of its plans, and of the reality of its capital. It was given only a part concession; by the Ordinance it was to pay 2/- per acre for the land instead of the normal 2/6 an acre. Besides the initial price there were improvement conditions, in the first two years 6d. an acre, and in the next six years a further 6d. an acre. The Syndicate raised only £5,000 of the £25,000 needed for the land according to its Memorandum.

The Colonial Office was more suspicious than Macgregor, both of its personnel and its motives, and the colonies regarded it with suspicion since it was British rather than Australian and spoke of a colonial office

plot to keep control of New Guinea for Britain. The Syndicate had been floated in England with three directors: Sir Somers Vine, previously the Assistant Secretary of the Imperial Institute; John Lowles, a member of the British Parliament, and C. M. Kennedy, late of the Commercial department of the British Foreign Office. According to Vine, the spokesman of the company, there were three supporting companies, the British Empire Finance Corporation Limited, the New Goldfields of British Columbia Limited and the European and Colonial Investment Syndicate Limited.

Neither the promoters nor these supporting companies inspired much confidence, particularly at the Colonial Office was there suspicion of their motives. Vine was suspected from some previous dealings, while the companies were regarded as merely speculative, and unlikely to be interested in the development of British New Guinea. There was Australian representation on the Syndicate, for instance two directors of the European and Colonial Investment Syndicate were W. H. Durrant, of an Australian firm of merchants, and Tilden Smith, a colliery engineer, the son-in-law of Gillies (M.P., N.S.W.). That the Syndicate was genuinely interested in the development of New Guinea resources is supported by their own references to the exceptionally large demand at the time for rubber in the manufacturing districts of England, particularly in the Midlands.

In considering whether the Syndicate genuinely desired to develop the island rather than intending to acquire the land for speculative purposes—it is sufficient that some preparations were continued until the objections of the colonies were made clear, and after this their solicitors were ardent pleaders for their rights. It could be argued that they were not genuine since they eventually consented to take monetary compensation rather than the alternative of a smaller area of land, though at this stage colonial policy was so strongly against them that their operations could well have been affected. Further, other companies were by that time interested, meaning a limitation of their possible field of activity.

Generally the Syndicate's main interest is as the

instigating factor to illuminate the conflict between the other parties.²

Macgregor's position rests on his changed land policy which although not given much publicity had been mentioned in his recent annual report. No longer was New Guinea to be closed to settlement as in the early years, a policy that had been adopted to protect native rights, but settlers were invited and the next step, the encouragement of development by larger groups with the essential capital had been begun back in 1895.

Macgregor had from the first closed British New Guinea to large concessions and discouraged settlers, so ending the pending 1889 applications by explorers for large grants of land. This found support in London as expressed in a Colonial Office Minute (2/10/1889): "This will enable us finally to dispose of Messrs. Balcombe, Strachan, etc. (which included the explorer Theodore Bevan). The position advocated by Macgregor that there is a welcome for the trader but not for the land speculator is thoroughly sound and Her Majesty's Government should express their concurrence."³

The bases of this policy of exclusion adopted by Macgregor were, firstly, his consideration for the natives, based on his paternalistic interpretation of his task, an interpretation inherited from Arthur Gordon. He wished to protect the natives at least until "they may be in a position to understand what parting with their lands would mean to them."^(a) Behind this desire was his caution—"better to make sure of the ground before proceeding to much legislation or to sweeping administrative action,"^(b)—and his belief that, in any case, work by whites in the tropics was impossible—"the position of Europeans in the colony can, speaking generally, only be to supervise field labour performed by coloured men, and to work under shade or cover of some kind."^(c)⁴

There were inconsistencies in his policy of exclusion from the start—he had to recognise those already

2. For Syndicate, see for instance: J. Lowles to Colonial Office 17/3/1897 (10585 C.O. Vol. 422/11); Somers Vine to Colonial Office 29/5/1898 (11598 C.O. Vol. 422/13); Reid to Agent General N.S.W. 19/5/1898 (N.S.W. V. & P. 1898, Vol. 3).

3. J. Anderson on despatch Macgregor to Colonial Office 13/8/1889 (19444 C.O. 422/5).

4. (a) British New Guinea Annual Report dated 18/11/1889.

(b) Memo by Macgregor 14/8/1888 in Musgrave to Colonial Office 27/8/1888 (C.O. 808/76).

(c) British New Guinea Annual Report to 6/1891.

at work—then his policy was gradually evolved towards allowing white development that was not incompatible with native rights. Thus the 1890 Crown Lands Ordinance provided the machinery for land alienation, and some land was granted after this. At the same time Macgregor was encouraging the development of native industries as an alternative to large-scale European development. Thus in November 1893 he introduced a regulation to make it compulsory for certain natives to plant coconuts. He himself stressed the importance of this measure, for “it has directly to do with the industrial, economic and commercial future of the native race . . . if (they) do not become producers on their own account, if they cannot greatly increase present exports and create new ones, they cannot exist long as a race . . . in consequence of the gigantic strides that have been made in settling so many of these savage tribes, it is liable to be forgotten that a heavy task lay before the government five years ago to prepare any place whatever for the action of such a regulation . . . it may be thought that this modest beginning could easily have been commenced long ago . . . Much patience has however been required to clear the way even as far as this . . . Clearly in the face of my views as to the future of the country such a Regulation should be introduced as soon as it is thought it can be enforced . . . I believe that under wise perseverance with it the export of the produce of the coconut tree can be enormously increased here, and the position of the natives be greatly improved by the same means.”⁵

There were then these aims to encourage native development on their own behalf, and to exclude white settlers, especially speculators.

But the facts were that the colony did not live up to its vague reputation for wealth, it lacked Fiji's sugar and no such well-paying crop was found by Macgregor despite various experiments. His land policy had not helped enterprises on a large scale which were needed for copra development. The combination of unfavourable trade balances and scanty colonial contributions, with revenue always below his expectations, meant a failing colony by all contemporary standards whatever the long-term prospects of Macgregor's native policy suggested.

5. Macgregor to Norman 25/11/1893, in Norman to Colonial Office 26/3/1894 (7848 C.O. 422/9).

It was the logic of such figures that made Macgregor revise his plans and gradually increase his encouragement of white settlers. Thus in July 1893 he hoped to find on the Gulf river land for sugar growing and so "induce one of the sugar companies" to start work there. By 1895 an energetic settler had shown that Europeans could do normal labour despite the climate, and had his efforts quoted to encourage further settlers. By 1896 "the most discouraging element" in the Administration of the area was the fact that no European planting on a scale of any importance had been started, despite the apparent advantages of soil, climate and labour.⁶

But at the end of 1896 only 235 private claims, 234 mission claims, and 37 Crown Land grants had been allocated. Much was owed to a few such as the important shipping and trading firms of Burns Philp which owned land in about twenty parts of the island, including a plantation of 1,280 acres, the largest in New Guinea at the time, and several trading stations about one acre in area. Of all the trading stations in the Possession Burns Philp owned a quarter. There were only about twenty holdings of more than fifty acres in area, and only 190 Crown grants up to 1897 of an area of 6,570 acres, and of this small acreage only 2,600 were for pastoral and planting purposes.⁷

The eight years of sovereignty had not meant much European development of the colony, and it was on the basis of these facts that Macgregor changed his policy to support the granting of large concessions to a company.

Even before the British New Guinea Syndicate Scheme was placed before Macgregor he had considered the development by companies which would have the capital lacked by his administration. Thus in England in 1895 he had an interview with "the head of a great firm established in Sydney," the negotiations dragged on to the end of 1897, but then ended in complete failure. Two other Sydney firms had been approached to one of which Macgregor had made repeated offers. In all three cases the development of sugar plantations was the main object.⁸

6. See British New Guinea Annual Reports to 6/1893, 6/1895, 6/1896.

7. Figures extracted from Executive Council minutes considering Land claims (C.O. 436/1 and 3).

8. See Annual Report to 6/1893 and Macgregor to Lamington 4/10/1898 in Lamington to the Colonial Office 14/10/1898 (26130 C.O. 422/12).

When the Syndicate's plans were put before Macgregor he welcomed them and so told the Queensland Governor, for it would "give new and strong impetus to several economic industries and promote a large amount of employment of the natives of the colony in their own country."⁹

It does seem proved that the plans, now developed to the stage of drafting the necessary Ordinance, were not mentioned at the Melbourne conference in 1898 to the premiers of New South Wales and Victoria. Their nine years without the slightest intervention in the colony's affairs was not enough to cause this reticence, for at this conference the general future of New Guinea was the major point and the Syndicate's investment of £100,000 was as much as had been contributed by these colonies for the whole administration of New Guinea over a period of seven years. Macgregor's comment that the three contributing colonies were the only opposition in his New Guinea councils, indicates his desire to control the affairs of New Guinea himself. Further he had begun negotiations with Sydney companies and would realise the possibilities of opposition to a British company. Such considerations could well lead him to keep the matter as secret as possible, knowing the independent spirit of the Australian colonies at this time.¹⁰

On the other hand a reasonable defence can be made for Macgregor that the matter was one of notoriety in all the colonies concerned, and that there was Australian representation in the Syndicate. Firstly, Nelson claimed that the letter of 28th May 1897 from the Colonial Office, which enclosed the full British New Guinea Syndicate Scheme as outlined by Vine, was sent by him to the Premiers of New South Wales and Victoria, who were Reid and Turner. Secondly, while in Australia after August 1897 the promoter of the scheme, Somers-Vine, claimed to have approached many public men, obtaining the support in New South Wales of politicians like Dibbs and Want, and in Victoria of Wynne and Gillies. Thirdly, Nelson had approved of the scheme on behalf of Queensland in December 1897. Given these points it is indeed hard to argue that there was no knowledge of the scheme

9. Macgregor to Lamington 31/12/1897 in Lamington to the Colonial Office 5/3/1898 (7836 C.O. 422/12).

10. For details Melbourne Conference see Lamington to the Colonial Office 18/6/1898 (16595 C.O. 422/12).

despite many statements to this effect made in Queensland, New South Wales and Victoria.

Macgregor's silence, if there was this knowledge, or if he thought that there was knowledge of the scheme, then would mean that he was merely following the normal formal proceedings of only consulting Queensland without any ulterior motives.

Macgregor's most important attitude was his support of genuine schemes of development, for he was now convinced of the necessity for development on a larger scale than had been possible on the small amounts provided by the contributing colonies. Given this attitude, the faster the Ordinance was put into operation the better for the future of New Guinea.

The Colonial Office was forced into the false position of feeling obliged to support the Syndicate whose personnel they did not approve. When the Syndicate first applied to the Colonial Office its motives were doubted and the three promoters were suspected from previous dealings, but it was thought that such a scheme would "hasten the arrival of (the) self-government stage."^{11 (a)}

Thus the Colonial Office referred to the lists of associations and individuals supporting the British New Guinea Syndicate Scheme as "a first class list of guinea pigs and company promoters,"^{11 (b)} and thought that the aim of the promoters would be accomplished as soon as the promotion money was received. Their rather paradoxical attitude was summed up as "if this company is formed and does not cripple itself by heavy promotion payments it may do much for British New Guinea."^{11 (c)}

All that was done, however, was that a cautiously worded introduction was sent to the Queensland ministers. Even after later details of the Syndicate and its supporters were obtained and had increased the Colonial Office suspicion no action was taken for it was felt that it was a question which Queensland and the Lieutenant-Governor should decide.

After the scheme had been approved and the draft Ordinance had reached London, the Colonial Office was still uneasy, but only suggested a few amendments, which did limit the rights given to the Syndicate.

11. (a) J. Anderson 20/5/1897 on Lowles to C.O. 17/5/1897 (10568 C.O. 422/11); (b) J. Anderson 17/8/1897 on Lowles to C.O. 14/8/1897 (17772 C.O. 422/11); (c) E. Wingfield 16/4/1898 on Lamington to C.O. 5/3/1898 (7836 C.O. 422/12).

Then came the attack of the colonies led by Queensland, and the Colonial Office was forced into its position as devil's advocate.

For the Colonial Office had doubts as to the motives of the Syndicate and their support certainly harmed the Syndicate's cause in the eyes of the Colonial governments. Their argument that faith should be kept with the Syndicate arose from the standards of the Colonial Office, it was felt that the Ordinance, having been passed on the basis of a promise made to the Syndicate, should not be disallowed. The standards of the Colonial Office need to be stressed for they maintained this attitude despite advice from their Law Officers that the Syndicate had no valid claim in law, only a strong case in fairness and equity for the reimbursement of their actual expenses.¹² At the same time the reticence of the Colonial Office in not giving any hints to Macgregor or to the Colonies was unfortunate, for it falsified their position in the eyes of all parties.

The representative of Britain in Queensland, Governor Lamington, supported the expressed Colonial Office position from motives similar to those used by one of his predecessors, Governor Musgrave. Lamington argued that British New Guinea should be made a Crown Colony independent of Australian control; because Australian control—particularly Queensland control—would mean the use of British New Guinea for black labour recruiting, it would mean the “abandonment of perhaps the most signal achievement in civilisation,” generally he regarded Australian politics as being “too parochial and being conducted in the narrowest party spirit” for Australia to control external territories, for such control would be “prejudicial to the interests of the natives and the development of the possession would be subordinated to that of Australia.” Using these arguments he supported a grant to a British company in the hope that this would mean the continuation of British supervision.¹³

Lamington's arguments influenced the Colonial Office only to the extent that they upheld the argument that Queensland should not have sole control. In the words of a Colonial Office clerk, “So long as

12. Law Officers to the C.O. 29/9/1898 (7836 C.O. 422/12).

13. In Secret Despatches to C.O. on 21/6/1898; 2/7/1898; 5/8/1898; 22/10/1898 (17291; 17856; 20544; 26845; C.O. 422/12).

Queensland imports coloured labour for her plantations it would be impossible for us to hand over New Guinea to her alone." The Colonial Office position as to the future of New Guinea was that it was felt safe (and this word "safe" was used in London) to saddle a future federated Australia with the responsibility, especially as Britain with her limited interests did not want to retain control—indeed at this time it was hoped that the new British Solomon Islands Protectorate would be taken over by the New Guinea Administration to lessen direct British responsibility. This suggestion did not cause any action, the Solomons remained directly under the Colonial Office.¹⁴

The last point of the Colonial Office position was its concern at the attacks of the Queensland premier, Byrnes, and his personal hostility was reciprocated, so detracting from the chances of any settlement. "It is time to give B. a hint that we are not going to follow in his wake and make ourselves a party to his shameless repudiation."^{15 (a)}

Almost seriously opinion at the Colonial Office interpreted Byrne's personal hostility as arising from an incident in London when Byrnes was refused equal status with the Premier Nelson. Thus, Joseph Chamberlain, then Secretary of State for Colonies, said that "this is a serious business which we owe I suppose chiefly to Mr. B's. offended dignity in not being allowed to ride with the Jubilee procession."^{15 (b)}

The Colonial Office eventually transferred all responsibility for settling the matter to the colonies, pointing out that some compensation must be given. Their own opinions of the Syndicate were reinforced by the exorbitant demands made for compensation.

Outside the Colonial Office there was little interest in the Syndicate in Britain, though some of the other British firms concerned in New Guinea could hope to gain concessions if the Syndicate scheme failed. Thus the Pacific Islands Company combined both English (Lord Stanmore—Arthur Gordon—was a director) and Australian (J. T. Arundel of the Pacific trading firm of John T. Arundel and Co.) interests, and had the support of Macgregor; while the Liverpool Syndicate

14. J. Anderson 4/8/1898 on Lamington to the C.O. 21/6/1898 (17291 C.O. 422/12).

15. (a) J. Anderson 11/8/1898 (on 18045 C.O. 422/12); (b) J. Chamberlain 25/8/1898 (on 21964 C.O. 422/13).

representing Liverpool merchants seemed to have available finance.

Consideration of the positions of the New South Wales and Victorian Governments, as the originators of the protests, reveals the origin of the opposition to the concession. For it was Australian rivals to the British firm that were behind this increased interest in New Guinea. The first public protests against the Ordinance came from the Victorian press, probably originated by Theodore Bevan, an explorer whose land claims had eventually been disallowed by Macgregor. Bevan's attitude to the natives made land grants to him by Macgregor unlikely, thus Bevan referred to "a few inferior coloured races, engaged in the sanguinary work of mutual extermination."^{16(a)} The press angle was to stress the British nature of the Syndicate as opposed to Australian influence, for example, an article was headed "A.N.G. Concession Favouring British Exploiters—An Amazing Monopoly."^{16(b)} Bevan's own case was weakened by the fact that Macgregor had previously written to him to try and gain his co-operation with the Syndicate.

With the press agitation growing the Premier of Victoria, Sir George Turner, who three months before had stated that Victoria had no interest in New Guinea, became the first to protest to Queensland.

New South Wales opposition probably gained strength from the trading interests of the various firms already working in New Guinea, for most of New Guinea trade came to Sydney. Further, Kennedy, a representative in Sydney of the Liverpool Syndicate, certainly helped the opposition.^{16(c)}

But added to this interested opposition was a combined Australian feeling against British control which made the political protests genuine. Therefore the three colonies could combine together, thus the Victorian Premier asked the Queensland Premier to prepare "a full statement of the objections to the proposals. The three premiers can sign it. Reid and myself can also protest on the ground that we were never consulted."

This last ground of non-consultation, of which much was made, has little weight, for there had been

16. (a) Article by T. Bevan, *Melbourne Age* 21/5/1898, and Bevan, "Toil, Trouble and Discovery in British New Guinea," Lond. 1890; (b) *Melbourne Age* 5/5/1898; (c) re Kennedy—see for instance Vine letter to C.O. 16/7/1898 in Minet, Pering, Smith & Co. (Solicitors for British New Guinea Syndicate) to C.O. (18048 C.O. 422/12).

nine years of indifference about New Guinea by the Southern colonies, while Nelson reported that both Reid and Turner were sent the Colonial Office letter of the 28th May 1897, and that Turner sent comments on this letter. Further, after the Ordinance was sent south on the 19th April 1898, it was not for three weeks (17th May 1898) that any protest was made. Therefore, though by the New Guinea Constitution matters other than "ordinary administration" were to be referred to the other (besides Queensland) contributing colonies, this ground of non-consultation was only a quibble on which to base interested complaints.¹⁷

At the same time the southern colonies were against supplying more money for the colony. Reid argued in favour of Britain taking over New Guinea as a Crown Colony, but apparently wanted actual Australian control with Britain supplying the finance. Turner had been willing to assist only because the other colonies were contributing "hoping in the meantime (that) federation will take place, and the whole thing will be thrown on the federation." This argument is not one based on the theoretical superiority in regard to external affairs of one unified Australian Government over six discordant colonial Parliaments, but one reflecting the practical financial difficulties facing Colonial Premiers in trying to pass votes for external affairs by cutting down estimates for internal matters. As Turner reported, the annual budget votes in Victoria led to debates between providing finance for New Guinea or for "roads and bridges" in the colony. It reflects more the disinterest of these colonial governments in external matters, a disinterest that is more typical than the burst of interest caused by this Syndicate affair.¹⁸

Finally, there was Queensland's part in the affair, more complicated because of greater interest and conflicting opinions. After 1888 and the declaration of sovereignty, New Guinea affairs were not of political moment in Queensland and there were only occasional references in debates and questions. Two statements in 1890 and 1892 denying the use of New Guinea as a potential field for labour recruiting; one reference in 1891 to the strategical danger of German New Guinea; and an 1895 question suggesting fears of New Guinea

17. See correspondence printed in N.S.W. V. & P. 1898 Vol. 3.

18. Opinions from Melbourne Conference (See Footnote 10 supra).

competition in sugar growing—these are the infrequent notifications that Queensland was primarily concerned in the control of the colony. Even in 1897 when the Governor's speech announced the end of the ten-year agreement there was no ensuing debate, only praise of Macgregor, itself significant enough in suggesting satisfaction with his policy.¹⁹ But, on the other hand, all New Guinea questions were handled by the Governor of Queensland with the advice of his Council, and constant aid was given to the administration by the various governmental departments. In practice, Council concern was limited and restricted to one man, the Chief Secretary, for no British New Guinea problem seems to have been discussed by the Council as a whole in these ten years. Thus Byrnes could say that he “never heard discussed . . . the administration of New Guinea . . . in Cabinet. Sir Hugh Nelson, as Chief Secretary, had the matter in his hands for years.”²⁰

It was then a matter of the attitude of individuals, firstly that of Nelson, who as Chief Secretary since 1893 had an unrivalled knowledge of policy in New Guinea. His favourable view of the Syndicate scheme was much of a recommendation, close to a sign of approval by Queensland even if it was made subject to Macgregor's opinion. In December 1897 Nelson “on behalf of the Queensland government” saw no objection to approval of the scheme and gave his formal approval to the Governor of Queensland and this opinion was reinforced by his visit to New Guinea in April and May 1898. After this trip he reported his support of large-scale development plans, arguing that this was the only way development was possible. In his opinion of June 1898, he faced many of the arguments later used against the scheme. “Without wishing to draw unfavourable comparisons, I may state that no land came under my observation suitable for settlement in small areas (nor can any of them, in my opinion, compare with the lands on the Herbert, the Johnstone, the Daintree, and other rivers in tropical Queensland). The conditions of climate and other circumstances connected with the possession are such as to lead me to form the decided opinion that none of the lands there are suitable for small settlers with

19. From Q.L.A. Debates 1888-1898.

20. From J. Byrnes speech in Q.L.A.. (pp. 83-88, Vol. 79, Debate 26/7/1898—17/8/1898).

limited means, or for what we call 'close settlement.' If the country is to be developed, it can be accomplished only by companies or individuals having command of large amounts of capital. Nothing came under my observation that would lead me to believe that the inducements to settle on the territory are sufficiently strong to attract farmers or others from Queensland or the other Australian colonies."

With these opinions formed partly from his brief visit to New Guinea but more significantly influenced by Macgregor's support of the scheme, he backed the Syndicate and further attacked the point of monopoly by stressing the relatively tiny area asked for (quarter of a million out of 58 million acres—but note the danger of such figures because much land is useless and much was in unsettled areas, even Macgregor said that it would take a year to prepare 100,000 acres) and stating that he was convinced that "the advantages that will accrue from the expenditure of capital and the development of trade will be more in favour of the Possession and of the Australian Colonies than of the Syndicate who will necessarily have to take all the risks and expenses of pioneering, and can hardly expect to derive any profits from their undertaking for some years to come."

Nelson's reticence at the Melbourne conference is open to the same considerations as Macgregor's actions. Nelson's own defence was that the conference only concerned the future financing of the colony, and that the matter was one of notoriety. Nelson left office in April before the complaints came from Southern Colonies, and as his successor as Premier, Byrnes, became the sternest critic of the scheme there was no question of disagreement between Queensland and the Southern colonies.²¹

Byrnes, an impetuous young Irish lawyer, felt that he was fighting for Queensland development and Queensland's rights as against Britain. Originally a member for a northern constituency he repeatedly denounced the Syndicate as setting up future competition with the sugar planters of North Queensland, besides the suspicion that he wished to use the New Guinea natives to supplement the supply of black labour from the Solomons. He persisted in this attack

21. For Nelson's position see his statement in Lamington to the C.O. 1 & 2/7/1898 (17810, 17811 C.O. 422/12).

despite the Syndicate's denial that they had ever intended to start sugar plantations. In the same way Byrnes attacked the granting to the Syndicate of full mineral rights in the land, arguing that this would prevent enterprise by individuals. This was an argument which sought and found support in Queensland mining constituencies. It had little true validity in New Guinea, since the potential mining areas of the island had certainly not been thoroughly exploited before this nor would this granting of a quarter of a million acres prevent prospecting. The argument against the principle of a grant of a monopoly, though made much of, was not sincere. Had the company been an Australian company nothing would have been heard of such an objection. Indeed the Syndicate's representatives did suggest that Byrnes was himself interested in a rival company's scheme.

The argument against a British monopoly is more in point, and leads on from this point of Byrnes' defence of Queensland development to his defence of Queensland rights and his personal rights which were as important to this brilliant enfant terrible. For Byrnes, if he did object at the first meeting in London in June 1897, did so but mildly, and if he did not hear of the scheme from then on until his belated protests in May 1898, he was surprisingly disinterested in what he later described as such a terrible denunciation of Queensland's rights. His story of lack of knowledge is weak. We are asked to swallow two rather tall stories, to account for his initials on the draft Ordinance and on the Despatch sending the Ordinance to the Southern colonies, neither of which, I think, could support a legal plea of "Non est factum."

The first story is that on 20th January, when the draft Ordinance sent from New Guinea to the Queensland Legal Department — he was then Attorney-General — came before him, he did not read the Ordinance nor even look at its title. His story is that because of a previous dispute, when New Guinea refused to pay for legal drafting, he at once referred the papers back to New Guinea.

The second story is that on 19th April, in his capacity as Chief Secretary, he forwarded the Ordinance for the information of the governments of N.S.W. and Victoria in a purely departmental way, just signing his name to it and sending it along, without being

aware whether the matter had been referred south before, and more important, without making any protest at its subject matter later so attacked.

Even if these are justified, if he was even worried about the possibility of such land grants, he could have easily inquired from his chief, and further he must have known that the representative of the Syndicate was in Australia.

I think it is clear that he took an opportunity of making political capital against Britain, at the same time hoping to enhance both Queensland's and his own reputation. The result was troublesome to New Guinea, Britain and Queensland, and only the death of Byrnes ended the dilemma. His lone objection to the suggested new Lieutenant-Governor, Le Hunte, was part of his assertion of the rights of Queensland against the Colonial Office. In fact, Macgregor was responsible for the suggestion, and the proposal had been submitted to Queensland and then to the other southern colonies. Chamberlain's theory that all his opposition sprang from an imagined personal affront in London has the merit of stressing his pride, both in himself and in Queensland, which he was fighting to uphold.²²

The affair was before the Queensland Legislature throughout the Address-in-Reply Debate which lasted for over three weeks, and this debate brought forth some thirty theories, many only precariously attached to the facts. The centre of the debate was Byrnes' long defence of his actions, and most of the speakers concentrated on attacking or defending him, and searching for alternative scapegoats. The favourite candidates were Chamberlain ("up to his neck in it" declared McDonald, a Labour member); Nelson ("the most guilty party," argued another Labour member, Jackson); and Macgregor.²³

In this debate any idea that there were natives in New Guinea could only be gathered incidentally. The pioneer London Missionary Society representative, Rev. William Lawes, had already made the same objection to the Ordinance, "the natives are not referred

22. See (1) Byrnes speech in Q.L.A. (supra Footnote 20); (2) Byrnes to Lamington letters in Vol. 27, 1898 of Qld. Official Letters to the Governor (Uni. of Qld. Library); (3) Lamington to C.O. 2/7/1898 (17856 C.O. 422/12); (4) Chamberlain 25/8/1898 (Footnote 15 supra).

23. For Address-in-Reply Debate see Q.L.A. Debates Vol. 79 (Footnote 20 supra).

to except once in reference to land it might have been uninhabited land.”²⁴

Thus in this Queensland debate, Turley, the Labour member for Brisbane South, quoted a speech by Byrnes in the North, fearing that the Syndicate would monopolise the black labour that could be used in Queensland. Irreconcilable with such a fear was the suspicion by other members that such a syndicate would need to introduce alien labour into New Guinea. Thus C. H. Buzacott, of the Legislative Council, feared that this would fill New Guinea “with Japanese, Chinese, and all those other choice Asiatic races who are so ready to bear down upon us and overtake us all.”

Future development as a colony, and as a paying colony, able to support itself, was more important to Queensland politicians than the future of the natives of New Guinea. Here there were fears expressed of possible competition with Queensland, either with her sugar markets or by using money better spent on internal expansion (for example by Dunsford, the Labour member for Charters Towers). At its extreme this argument regretted all expense on New Guinea. “The £30,000 we have spent in there during the last ten years would have been far better spent in running railways into different parts of North Queensland,” claimed W. Smyth, the Liberal member for Gympie. Similarly opposition arose from comparing the restrictions of the Queensland Land and Mining Laws and the apparent liberality of the grants to the Syndicate.

But condemnation of the Syndicate was by no means unanimous and arguments criticising its monopolistic character were contradicted by those suggesting that if it had been an Australian company there would have been few suggestions. The unlikelihood of such a company was, however, suggested by speakers who pointed out the previous lack of interest by Australian capitalists and settlers.

Besides Byrnes’ plea for the control of Australian affairs by Australians in fulfilment of responsible government, little attention was given to future control of the island, though most of the speakers in the debate implied that Queensland should maintain her interests.

24. Law’s to Foreign Secretary, London Missionary Society 13/5/1898 (Letters in Livingstone House, London).

Two cabinet ministers were more directly concerned, firstly J. F. E. Foxton, the Secretary for Public Lands, who argued for full control by Australia, stressing that the incident should mean the end of the absurd existing system of divided control. J. R. Dickson, the Home Secretary, on the other hand, hinted at the continuance of Imperial control, doubting how far Queensland could "administer New Guinea in the best interests of the Possession and also in the best interests of Queensland."

When Byrnes died it was this Dickson, a moderate undistinguished figure in comparison, who became premier. With this support of Imperial control, he favoured ratifying the Ordinance, but did not want to lose political position in so doing. Therefore he temporised, unable to take definite action until after the coming election, especially as some of his party were disaffected against him, and public opinion was still aroused against the syndicate. A frank Colonial Office opinion stated that "Mr. Dickson is too weak to do anything in which there is likely to be the least opposition, and it was madness of Lord Lamington to try and brace him up to disregard Sir George Turner, who is a pertinacious and combative little man, especially when he is on the winning side."²⁵

Before the Queensland election could reveal the extent of Dickson's support, the three colonial premiers firmly decided to compensate the Syndicate. Turner and Reid, still strongly opposed to any approval, overruled any compromise that Dickson could advocate.

These expressions of opinion in the Queensland house and attempts to relate them to their background may seem inconclusive. Was there a more interested objection to the British New Guinea scheme in Queensland? One likely suggestion is opposition by Burns Philp who would probably object to operations by such a large syndicate, especially with the argument that it was to be granted a monopoly of the available lands. As R. Philp was at this time in Byrnes' and Dickson's cabinets, his opposition may well have been behind Queensland's objections. There is no direct evidence at the time, that I have been able to uncover, to suggest this motive of opposition.

25. J. Anderson 16/12/1898 on Lamington to C.O. 22/10/1898 (26845 C.O. 422/12).

There is, however, persuasive evidence in the events subsequent to the disallowing of the syndicate. For soon after the arrival of Lieutenant-Governor G. R. Le Hunte, a conference was held in Sydney (15th and 16th August 1899), to discuss the future land policy, and future financial backing of British New Guinea. On the second day G. R. Le Hunte reported: "he had just been waited on by Colonel Burns, the managing director of Burns Philp and Co., who had put into his hands a draft prospectus of a company with a capital of £100,000 to be formed for the development of British New Guinea. The shares—100,000—would be in the first instance offered to the public of Australia, and if not taken up by them they would be taken up privately. It was intended to purchase 100,000 acres of land for agricultural purposes, and 100,000 acres of pasture lands."²⁶ This was the Hall Sound Company, a subsidiary of Burns Philp, with practically the same directors, which was registered in New South Wales in 1900. Its failure due to N.S.W. opposition is another story, though it is significant here because of the usual rivalry between the firms of the different colonies, only a British firm could produce the uniformity of opposition shown in this British New Guinea Syndicate affair.

Arguments against imputing Burns Philp influence affecting the Queensland opposition to the Syndicate, lie in the lack of action before the Southern premiers sent protests. If you accept the argument that the matter was of some notoriety, and since various people had been approached by Vine, and there had been a meeting in London, and further the Ordinance had been openly passed in the New Guinea Councils, surely Burns Philp should have heard of the matter earlier. Further it can be argued that in the short term it was an advantage to Burns Philp to have more development, as it was primarily a trading firm. Further the directors of the Syndicate, insofar as they can be believed, claimed that they intended to use "existing agencies including shipping firms, and to cooperate with firms already trading in New Guinea."²⁷

Generally, even if there was this personal opposition of Burns Philp, and granted the opposition of

26. Details Sydney Conference 15-16/8/1899 see Lamington to C.O. 30/9/1899 (31411 C.O. 422/14).

27. From memo. in letter J. Lowles to the C.O. 17/5/1897 (10568 C.O. 422/11).

Bevan, and the representative of the Liverpool Syndicate in the south, I think you need to add the opposition of Australians to a British firm to explain the protests.

What were the effects on the New Guinea administration of this Syndicate affair?

The immediate effects were to place future land policy in particular, and all financial support in general, in jeopardy. By October 1898 there was a "virtual deadlock existing in connection with the administration of the possession."²⁸ The guaranteeing colonies, suspecting British policy, interpreted as granting concessions to a British Company, refused to grant further funds. Here then the coincidence of the Syndicate affair with the completion of the ten-year period meant immediate crises: thus, only for a brief three months' period would the colonies guarantee the petty salary for a medical officer for the Mambare (Gira) Goldfield; Turner even refused to grant money for the printing of Ordinances until some definite agreement was reached on the future control of the colony; the New Guinea Government steamer "Merrie England" was almost useless, due to lack of stores and a doubt about her future maintenance. These were the immediate problems, symptoms of the general debility of the colony caused by this dissension among the controlling bodies at this critical time when the previous agreement expired and the term of Sir William Macgregor ended.

The eventual effects of this abortive Syndicate scheme were generally helpful to the administration of New Guinea. The unwelcome glare of publicity led to a strictly defined land policy that encouraged large-scale settlement and interested various companies in investing in the Possession. The affair reasserted Australian interest in New Guinea, it assured the fulfilment of some agreement to provide for the finances, it assured, at least temporarily, the interest of the Southern governments in New Guinea matters.

But the affair had shown lack of interest in New Guinea as anything but a paying colony, not once did future native policy gain consideration, and even Macgregor claimed that his only policy had been to develop the colony *qua* colony.

28. Dickson to Lamington 21/10/1898 in Lamington to C.O. 22/10/1898 (26796 C.O. 422/12), and see Annual Reports to 6/1899.

Thus the affair can be interpreted as marking the death knell of the spirit of the original Proclamation of the Protectorate, claiming the protection of the natives as the main objective of the new rulers, and as marking the end of Macgregor's experiment in Government, which although failing as a financial venture, had claimed to place native interests first.