

Chapter eight - Markets for Company products

Introduction

Discovering, then mining and smelting the silver and lead lode was only financially viable if the end product, lead/silver bullion could be sold at a price sufficient to meet the costs of production, as well as providing sufficient finance for expansion etc., and allow a sufficient return on investment for shareholders. As was demonstrated in chapters three, four, six and seven, it was necessary for choices to be made; choices which would contribute to the economic viability of the end product of the mining and smelting operations. The role of the market is one area of theorising of structure and agency which is underdeveloped in the theories of both Giddens and Lloyd. That this should be so is not surprising as both authors are writing of social theory generally, while this thesis applies social theory to an organisation engaged in commercial activities. The nature of the products produced by the Company did constrain and enable choices of the directors and senior managers. Initially silver, and then lead and zinc, had only a certain number of uses and these uses acted to constrain the choices of directors and senior managers. The nature of the product also enabled action, as directors and senior managers were able to locate new markets for their products, and given the quantity of lead produced, to enter into marketing agreements with other lead producers, to share the world markets for lead.

The processes of production of the Company were such there was a reliance on international market structures as the source of raw materials used by the Company and the destination of the end products produced by the Company. Some indication of the size of the mining and smelting operations of the Company in world terms can be gauged from an address made by the chairman of the Company to a meeting of shareholders in 1902. The chairman claimed the Company produced 8 per cent of world lead production and 3 per cent of the world production of silver. The potential world market share for zinc was 5 - 6 per cent.¹ Important materials in the mining and smelting operations (such as timber, machinery, dynamite, coke) had to be imported. Political developments, especially those relating to the basis for the monetary system of a country, also had an effect on the prices that were realised for the products of the Company. This section will examine these developments in the international economy and how such developments impacted on the day to day operations of the Company and in what way the directors and senior managers reacted to these developments. This section is also a good demonstration of how events of the past can impact both upon the present and the future. While directors and senior managers were free to act, the structures of history provided a context which could both enable and constrain such action.

The directors and senior managers were not entering a brand new field. The structures necessary to sustain an international economy had been well developed by the time the Company commenced operations at Broken Hill. International financial structures were well developed, as were international shipping structures. The spread of telegraphic communications during the latter half of the nineteenth century also served to facilitate international transactions, be they the purchasing of raw materials for mining and smelting operations, disposing of the end product of the mine, or the recruitment of senior managers.

¹ Chairman's address to shareholders, minutes of a meeting of shareholders, 24 February, 1905, p. 99. BHPA/S3/2.

The choices of directors and senior managers were also specifically facilitated by the development, over time, of structures in the international economy which catered specifically for the products of the Company. As the following section illustrates, the mining and smelting of precious metals also contributed to the development of an international economy.

Silver and the development of the international economy

Silver and gold have both played important roles in the development of an international economy. However, technological developments in mining and transport resulted in precious metals (silver particularly) having an important role to play in the middle ages. Nef claims that:

The public interest in the history of silver can be explained to a considerable degree by its relation to the history of money and prices. Its importance for the recent history of civilisation is small. But in the Middle Ages and at the beginning of the modern age, when credit was relatively little developed, the supplies of silver played a greater part than they do today in determining the wealth and political power of sovereign states.²

Flynn and Giraldez³ are less equivocal, claiming that "[t]he singular product most responsible for the birth of world trade was silver." Flynn and Giraldez argued that silver was the product responsible as it linked, for the first time, the Americas and

² Nef, J. U., (1941), Silver production in Central Europe 1450-1618, Journal of Political Economy, 49, p. 575

³ Flynn, D.O., and Giraldez, A., (1995), Born with a 'Silver Spoon': The origin of world trade in 1571, Journal of World History, 6/2, p. 201.

Asia with the rest of the world. They 'date' this birth as having taken place in 1571. The use of silver as a medium of exchange influenced this development, as abstract 'money' did not balance a trade deficit in the passive way commonly portrayed in the literature; rather it was a specific commodity - silver - that travelled to Asia, not gold.⁴ Chaudhuri makes a similar point in relation to the use of precious metals, stating that "...gold and silver in their intrinsic or 'surrogate' forms acted as a crucial instrument of exchange that was not merely economic but also social and political."⁵ Silver was most highly valued in the Asian markets where high value transportable products (such as silk and spices) were offered in exchange for Western and Japanese silver. Western silver was also exchanged for Eastern gold as there was a divergence in bimetallic ratios between regions in the sixteenth century and it was not until about 1640 that these ratios came into global equilibrium.⁶

Flynn and Giraldez⁷ claimed that without this Chinese demand for silver, there would not have been any financial mechanism for the expansion of the Spanish Empire. As a consequence, without the Chinese trade the century long price revolution in the sixteenth century would not have happened. They concluded that "[w]ithout China the birth of world trade would have been delayed to some unknowable extent." While this final statement may perhaps overemphasise the role of silver in the development of world trade, taking as it does a monocausal view of the development of world trade, it does point to the significance of the role of silver in developing and financing

⁴ Flynn, D. O., and Giraldez, A., (1995), Born with a Silver Spoon: The origin of world trade in 1571, Journal of World History, 6/2, p. 207.

⁵ Chaudhuri, K.N., World silver flows and monetary factors as a force of international economic integration 1658-1758, in Fischer, W., McInnis, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 65.

⁶ Flynn, D.O., (1986), The micro economics of silver and east west trade in the early modern period, in Fischer, W., McInnis, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 51.

⁷ Flynn, D.O., and Giraldez, A., (1995), Born with a 'Silver Spoon': The origin of world trade in 1571-1758, in Fischer, W., McInnes, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 218.

the growth of world trade. Prakash has also linked the growth of world trade during the seventeenth century as being accompanied by, "...and in many instances ... contingent upon, a continuously increasing supply and movement of precious metals across the globe..." with silver from Bolivia, Columbia and Mexico being significant contributors.⁸ Prakash is more circumspect in his overall claims emphasising the point "...that the world output of these metals grew significantly over this period and made an important contribution to the growth of world trade and economic integration."

The use of silver as a medium of influence in world trade was given further emphasis with a series of mine discoveries and advances in mining technology, especially in Europe, America and Japan between the mid fifteenth and mid seventeenth centuries.⁹ These developments had a significant effect on the supply of silver. Supply outstripped demand, lowering the price of silver. The influx of South American silver also had the effect of destroying the once prosperous Central European silver mining industry in the 1530's.¹⁰ This influx of silver also caused a dramatic change in world trade in that silver came to dominate gold in the West to East flow of trade.¹¹ While there may be some dispute about the actual role of silver in the price revolution of the sixteenth century, there is no doubt silver did have an effect.¹² The centres of

⁸ Prakash, O., (1986), Precious metal flow: in Asia and world economic integration in the seventeenth century, in Fischer, W., McInnes, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Wiesbaden, p. 83.

⁹ Flynn, D.O., (1986), The micro-economics of silver and east-west trade in the early modern period, in Fischer, W., McInnes, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Wiesbaden, p. 45.

¹⁰ Blanchard, I. (1981), England and the international bullion crisis of the 1550s, in Kellenbenz, H. (ed), Precious metals in the age of expansion, Stuttgart, p. 87, p. 109.

¹¹ Flynn, D.O. (1986), The micro economics of silver and east-west trade in the early modern period, in Fischer, W., McInnis, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, p. 39.

¹² See, for example, Hamilton, E.J. (1934), American treasure and the price revolution in Spain, 1501-1650, Mass; Elliott, J. (1961), The decline of Spain, Past and Present, 20, pp. 52-75; Kamen, H. (1978), The decline of Spain: Historical myth?, Past and Present, 81, pp. 24-50; Ramsey, P. (1960), The European economy in the sixteenth century, Economic History Review, 12, pp. 456-462.

distribution of American treasure also changed from the 1650, from Spain towards Amsterdam and London.¹³ By 1750, silver had become an important economic indicator¹⁴ and thus had lost the important social role it had occupied prior to this date. As subsequent events indicate while silver may have become an important economic indicator, it still had not lost any of its political significance in terms of the debates surrounding bimetallism.

By 1870 the world wide supply of silver had become such that the dependency of individual nations on this, and other precious metals, was removed. The limitations imposed by governments were also removed, with silver and other precious metals becoming subject to supply and demand within the financial system.¹⁵ Data contained in White¹⁶ reveals that, with one or two variations, the amount of silver produced in the world increased significantly from the nineteenth century onwards. This did not mean that precious metals lost all importance in international monetary terms. Silver may have slipped from importance but gold had not. Between the years 1820 and 1870 sterling had become the paramount international currency and was almost the sole medium of international transactions. Essentially this was due to Britain's

¹³ Chaundhuri, K. N. (1986), World silver flows and monetary factors as a force of international economic integration 1658-1758, in Fischer, V., McInnis, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 68.

¹⁴ Gordus, A.A., and J.P., (1981), Potosi silver and coinage of early modern Europe, in Kellenbenz, H. (ed), Precious metals in the age of expansion, Stuttgart, pp. 225-264.

¹⁵ Foreman-Peck, J., and Michie, R. (1986), The performance of the nineteenth century international gold standard, in Fischer, W., McInnis R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 386.

¹⁶ White, B., (1917), Silver: its history and romance, London, pp. 5-7. These figures are not without significant problems. Although White claims the figures as based on those of A. Soetbeer and the Director of the US Mint, there appear to be a number of obvious mistakes. For example, the world production of silver is shown to be identical for 1861, 1862, 1863, 1864, 1865; and 1866, 1867, 1868, 1869, 1870. However, there is no doubt that the discovery of silver deposits increased the supply of silver on the world markets and added to already existing production. As the uses for silver were extremely limited, it would be reasonable for increased supply coupled to a stable demand to lead to a decline in price.

industrial strength. But Britain's currency was also tied to gold which had the effect of keeping sterling stable, while other currencies, tied to silver, depreciated due to the amount of silver being produced on a world wide basis.¹⁷

Silver, gold and bimetallism

The role of precious metals in the world economy also changed during this period, going from a position where the value of a currency was intrinsic to the metal in which it was produced. That is, the coins were valued, not so much on their face value, but rather on the metallic content contained therein. With the establishment of a gold standard, the stability of the currency of a nation relied upon the ability of the Government of that nation to redeem, in full value, the face value of the currency circulating. This was one of the major reasons for the adoption of the gold standard. But there was another argument that the value of the currency should reside in the currency and thus the face value of any currency would rise or fall according to the price of precious metals on the world market.¹⁸

A third argument (and one that is of more relevance to this discussion) was that there was no real reason for gold to serve as the single standard on which the currency of a nation was to be based, there could be a bimetallic standard. Bimetallism was "...a monetary system under which the Mints of a country are open to the free coinage of

¹⁷ de Cecco, M., (1986), The choice of a monetary standard: National dilemmas and supranational solutions 1890-1914, in Fischer, W., McInnis, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 12.

¹⁸ For an interesting discussion of the role of money in the economy from an historical perspective, see Carruthers, B.G., and Babb, S., (1996), The colour of money and the nature of value: Greenbacks and gold in Postbellum America, American Journal of Sociology, 101/6, pp. 1556-1591. The argument contained in the foregoing paragraph is also based on this article.

silver as well as gold, both metals being thus made legal tender for the payments of debts to any amount."¹⁹ That is, the basis of the currency of a nation could rest on both gold and silver, in some defined ratio. However, "from the 1870's nations increasingly chose to link their currencies solely to gold."²⁰ This meant that a major market (governments purchasing silver to stabilise their currencies) was now lost to silver producers, which, when combined with the increasing world supply of silver could only serve to depress the world price of silver.²¹

But just because a government elected to use the single gold standard did not mean that such actions went unchallenged within that country, or that all countries converted to the gold standard. Specifically, in the United States of America there was continued agitation for the government to adopt a bimetallic standard right through the last quarter of the nineteenth century and India did not adopt the gold standard until 1893. As both of these events impacted directly upon the operations of the Company, it is considered that each should be discussed briefly. At the same time the impact upon the Company will also be considered.

Demonetarisaton of silver

Scott refers to what became known as the 'crisis of 1873' when silver was demonetarisaton not only in the United States, but also in Germany, France and the

¹⁹ Australian Economist, 1896, p. 580

²⁰ Foreman-Peck, J., and Michie, R., (1986), The performance of the nineteenth century international gold standard, in Fischer, W., McInnis, R., and Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 383.

²¹ It is not my intention to debate the merits or otherwise of bimetallic or monometallic based monetary systems. Rather my interest is in the impact of such decisions on the Company.

Latin Union.²² The immediate effect of this demonetisation of silver was the reduction in demand from Governments for silver to support their currencies. While this had no immediate effect on the Company (as they did not start producing silver in any quantity until the late 1880's) it had an immediate effect on silver producers in the United States of America. However, in 1878 the Bland-Allison Bill was passed and silver was again remonetised and provision made for large and compulsory coinage. In 1890 these purchases were further increased with the passing of the Sherman Act and this situation continued until 1893 when silver was again demonetised.²³

One other development in the area of international monetary systems also had a significant impact upon the Company. This was the decision taken in 1893 by the Indian Government to link the rupee to the pound sterling. By taking this course of action the Indian currency effectively became based on a de facto gold standard, as the pound sterling was based on a gold standard.²⁴ The significance of this action to the sale of the silver produced by the Company can be seen when it is realised that up until 1900, India was the largest economy in the world based on a silver standard and it was even claimed that the world price of silver was determined by the value of the rupee.²⁵ Cornish, commenting from an Australian perspective, agreed, stating that the

²² Scott, W., (1897), Inaugural Address, Australian Economist, 5/2, 22 February, p. 12. The Latin Union to which he refers was a loose grouping of European countries such as Italy, Belgium, Switzerland and Greece.

²³ Walker, F (n.d.), Address to Annual Meeting of the Bimetallic League, London, reproduced in The Australian Economist, 22/2/1897, pp. 4 - 16. For a good discussion about the possible causes of the remonetisation of silver and the role of the Comstock silver mining companies owners, see Weinstein, A., (1968), The Bonanza King myth: Western mine owners and the remonetisation of silver, Business History Review, XLII/2, pp. 195-218.

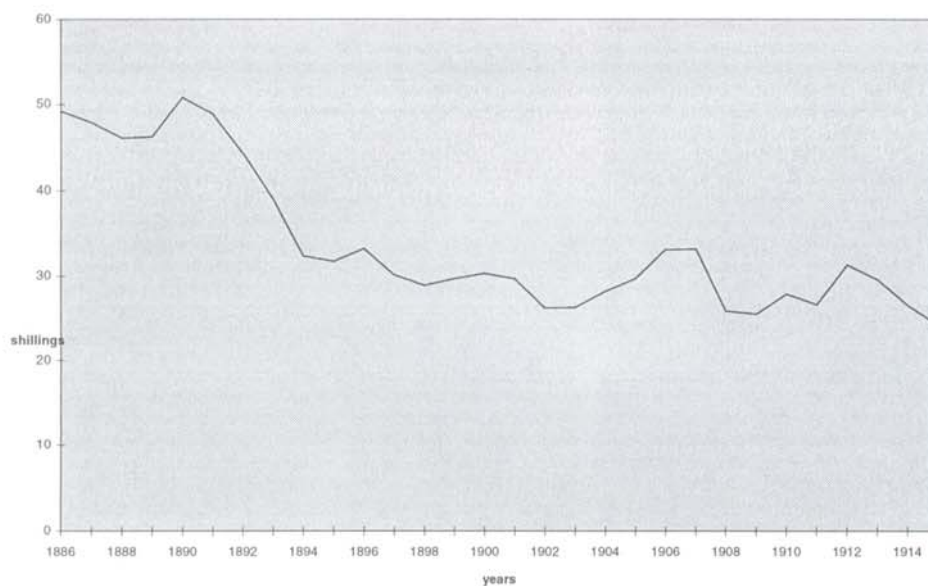
²⁴ Sugihara, K. (1986), Patterns of Asia's integration into the world economy, 1880-1913, in Fischer, W., McInnis, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 723.

²⁵ Tomlinson, B.R. (1986), Exchange depreciation and economic development: India and the silver standard, 1872-1893, in Fischer, W., McInnis, R., Schneider, J. (eds), The emergence of a world economy 1500-1914, Papers of the IX International Congress of Economic History, Wiesbaden, p. 414-415.

"...action of the Indian Government has already had a disastrous effect in depreciating the value of silver and all kinds of securities and properties all over the world."²⁶

Asia's pre eminent position as a silver user ended in 1897 when Japan also adopted the gold standard. According to Sugihara this meant that "...by the early twentieth century Asia's relatively 'autonomous' monetary position as a silver using area was dismantled and instead it now became integrated into the world economy on a financially much firmer basis."²⁷

Figure 6 Broken Hill Proprietary Company Limited - price received per ounce for silver from 1886-1915



²⁶ Cornish, C. (1894), The gold and silver question, in *Proceedings of the Australian Institute of Mining and Metallurgy*, II, p. 52.

²⁷ Sugihara, K. (1986), Patterns of Asia's integration into the world economy, 1880-1913, in Fischer, W., McInnis, R., Schneider, J. (eds), *The emergence of a world economy 1500-1914*, Papers of the IX International Congress of Economic History, Wiesbaden, p. 725.

The Company and the international market

These were then the international structures which comprised the context within which the Company had to operate. Figure 5 illustrates the average yearly prices received by the Company for its silver. The figures reflect the events discussed above and also demonstrates that in the long term the price of silver was tending downwards. The circumstances in which the Company found itself were not of the making of the Company, but rather as a result of historical structures which were beyond, initially, the control of directors and senior managers of the Company. Directors and senior managers were able to take advantage of pre-existing structures which had been developed over time. This did not prevent efforts by the Company to maintain and improve the market prospects for Company products. Company officials did not simply react to the circumstances operating in the environment. There were active efforts made to minimise risks where control was not possible (such as the silver market). Alternatively, attempts were made to control markets, such as participating in a national, and then international, lead cartel.

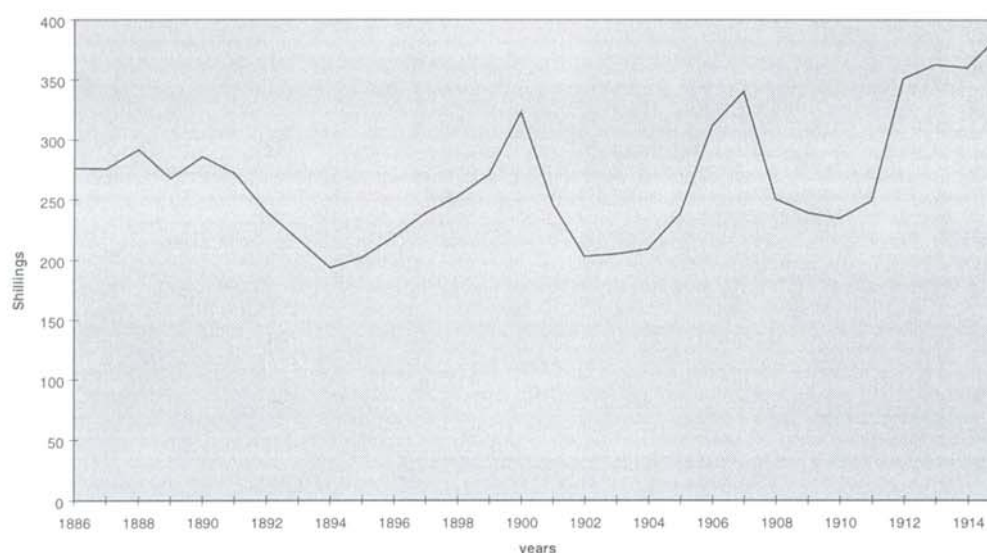
Although the first shipment of ore from the mine was refined and sold in Melbourne in 1885,²⁸ the majority of the silver/lead bullion was sold in London by the metal brokers Vivian, Younger and Bond.²⁹ Consideration had been given to selling the silver/lead bullion by tender, but, apart from adopting the tender method for the occasional parcel of silver in Australia, the majority of the output of the mine was sold in London by the brokers or the London board for the entire period of the study. Given the operations of the international silver market, and the main use of silver as

²⁸ Reports and Statements of Account, half year ending 30/11/1885, BHPA/PE30/1, p. 6. There are no specific records of the destination of the refined silver and lead. The directors of the Company seemed content that their bullion was sold, without necessarily caring who bought it.

²⁹ Reports and Statements of Account, half year ending 30/11/1886, BHPA/PE30/1, p. 9. For a detailed discussion of the London Silver Market, see White, B., (1917), Silver: Its history and romance, London, pp. 165-174.

an integral part of monetary systems, there was little the Company could do in terms of obtaining new markets, or uses, for the silver produced from the mine. The only options the Company had was either to increase the quantity of silver being produced thus maintaining revenue, or to reduce costs and maintain output. The option of increasing production would have shortened the life of the mine and costs of production may have exceeded revenue. The second option was to reduce the costs of production of silver and to then rely on other products to maintain revenue flows. It was this second option that the Company decided to follow. This decision was enabled by the Company having both sufficient lead and markets which would produce the necessary revenue to maintain Company operations. Figure 6 illustrates the average yearly prices obtained by the Company for its lead and indicates, in general terms, the importance of this product to the Company. In contrast to silver prices the price of lead was not subjected to the same relative falls in prices.

Figure 7 Broken Hill Proprietary Company Limited - Average price per ton received for lead 1886-1915.³⁰



³⁰ Working Summary, 1885-1908, BHPA/A18/8, and half yearly reports of the Company.

The Company was fortunate that a major product of the mine was lead and actions were taken to ensure markets were found for this product. For example, an ex-director of the Company (W. R. Wilson) was authorised in 1888 to investigate the markets in Japan and China.³¹ In 1889, the directors decided to investigate the possibility of shipping the lead from the mine directly to China, rather than via England.³² As well as investigating the markets in Japan and China, the market in India was also being investigated.³³ The board was also receiving advice from Butterfield and Irvine, agents based in Hong Kong, regarding the price of lead in Shanghai and Hong Kong.³⁴

It would seem that the investigations did not result in any new markets for specifically the lead output of the mine. The chairman advised shareholders on 22 January, 1890 that while the disposal of silver was not presenting any problems, "...some difficulty still existed as to an outlet for lead",³⁵ although the board had at its meeting the previous day considered a request from a firm in Chicago for information regarding the lead production of the Company and offering to sell the lead in America. At that stage, no action seems to have been taken.³⁶

³¹ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 5/11/1888, BHPA/S1/1, pp. 296-297.

³² Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 15/1/1889, BHPA/S1/1, pp. 376-377.

³³ Reports and Statements of Account, half year ending 31/5/1889, BHPA/PE30/1, pp. 7-8.

³⁴ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 17/12/1889, BHPA/S1/4, p. 164.

³⁵ chairman's address to shareholders, minutes of a meeting of shareholders, 22/1/1890, BHPA/S3/1.

³⁶ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 21/1/1890, BHPA/S1/4, p. 191.

The directors were also conscious of the importance of the timing of silver sales, deciding in April, 1890 that when silver was being sold in Australia such sales would take place in the middle of the month rather than on the first of the month so as not to conflict with the silver sales of the Australian Smelting and Refining Company who also sold their silver on the first of the month.³⁷

There was also an awareness that events in other countries could impact upon the market for silver. For example, in 1890, the board was advised by their general manager (an American) that he doubted the Silver Bill would pass in the United States of America, and that, if the board approved, he would arrange to receive regular information from some United States Senators. The board approved of him taking this course of action.³⁸ The general manager's doubts were again raised when he advised the board that the latest information from the American Senate was that the passage of the Silver Bill was uncertain.³⁹ As it turned out, the information being received by the general manager was incorrect as the Sherman Act, authorising the purchase of more silver, was passed in July, 1890.

When the secretary was in England in 1890 attempting to float another company (based on the leases held by the Company) the board asked him to ascertain information from the Bank of Australasia and the Consul of Japan about the quality

³⁷ Minutes of Meetings of Directors, Broker Hill Proprietary Company Limited, 7/4/1890, BHPA/S1/4, p. 281. The Australian Smelting and Refinery Company was located at Dry Creek in South Australia, and a number of directors of this company were also directors of the Company.

³⁸ Minutes of Meetings of Directors, Broker Hill Proprietary Company Limited, 19/6/1890, BHPA/S1/4, pp. 399-400.

³⁹ Minutes of Meetings of Directors, Broker Hill Proprietary Company Limited, 10/7/1890, BHPA/S1/4, p. 431.

and the requirements in Japan and China for fine silver.⁴⁰ In terms of selling their lead in China, the board decided at a meeting on 20 October, 1890 to forward a parcel of 100 tons of lead each to two Hong Kong based agents, Butterfield and Irvine, and Jardine and Matheson and Company, for sale in China.⁴¹

The efforts to dispose of lead in the Asian markets appeared to be working, with 3,465 pigs of lead being shipped to Hong Kong in early 1891.⁴² Later in the same year, lead samples were sent to A. Marks in Japan.⁴³ By 1897 the chairman was able to advise shareholders that while London was still the central market for silver, the metal being actually sold there, the silver was sent directly from Australia to Asia.⁴⁴

When the Sherman Act was repealed in the United States of America in 1893, the price of silver, which had been falling since the Act was first passed in 1890, fell even further.⁴⁵ The London office of the Company cabled the Melbourne office on the 28 June:

Silver 2/10 - panic in the market all round. It is impossible to obtain reliable opinion future developments. general opinion is prices will go lower - America pressing sales.

⁴⁰ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 25/7/1890, BHPA/S1/4, p. 471.

⁴¹ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 20/10/1890, BHPA/S1/5, p. 214.

⁴² Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 13/2/1891, BHPA/S1/5, p. 444.

⁴³ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 10/9/1891, BHPA/S1/6, p. 188.

⁴⁴ Minutes of meeting of shareholders, 30/7/1897, BHPA/S3/2, p. 32. This was one of the few recorded occasions when the final destination of the silver was known.

⁴⁵ Lingenfelter, R.E. (1974), The hardrock miners: A history of the mining labour movement in the American West 1863-1893, Berkeley, p. 196.

This development was discussed at a board meeting on the 30 June where it was decided that the secretary would ask the general manager about the advisability of a 10% reduction in wages and also to curtail rather than increase operations.⁴⁶ Wages were in fact reduced by 10% from the 11 August, 1893.⁴⁷

The decision by the Indian Government to demonetise silver was also taken in 1893 and at a general meeting of shareholders on 27 July, 1893 the chairman noted a low price of silver, which a shareholder attributed to developments in India. These developments would have an impact upon the Company in relation to the price the Company was receiving for silver.⁴⁸ The specific impact, of course, was in terms of the demand for the silver produced by the Company. The Company was now in direct competition with American silver and world production was in excess of demand which resulted in significant price reduction for silver. For the remainder of the period being studied the Company could do very little in terms of the price received for silver, except to note if the price was rising or falling. For example, the board meeting of 27 August, 1897 noted that the price of silver was declining due to "...America forcing silver on the market."⁴⁹

⁴⁶ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 30/6/1893, BHPA/S1/8, p. 74

⁴⁷ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 25/7/1893, BHPA/S1/8, p. 115.

⁴⁸ Minutes of meeting of shareholders on 27/7/1893, BHPA/S3/1, n.p.

⁴⁹ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 27/8/1898, BHPA/S1/11, p. 466.

On the 30 July, 1897, the chairman was able to advise that lead, which, like silver, used also to be sold in London, would now be directly transshipped to markets in Asia.⁵⁰ By 1898 the chairman of the company was able to report that:

The amount of lead disposed of for the East [Asia] indicates a very decided improvement on the corresponding period of the previous year, and more especially is this the case with regard to Japan, where the trade has increased rapidly.⁵¹

The Company and the lead cartel

The directors of the Company were not unmindful of how damaging competition could be in the metals market and while they might not be able to control the silver market, they could at least attempt to exert control within their own sphere of influence. In 1901 the Company reached agreement with the Smelting Company of Australia regarding the sale of lead within the Commonwealth of Australia and New Zealand. The proportion to be supplied by each company for this market was for the Company 4/7ths, and the Smelting Company 3/7ths.⁵² The Company was also aware of the need to be able to meet contracts entered into for the supply of lead and the board authorised the general manager to purchase concentrates at up to a 5/- per ton loss should this be necessary in order to supply contracts.⁵³ This arrangement must

⁵⁰ Chairman to Shareholders, Minutes of meeting of shareholders, 30/7/1897, BHPA/S3/2, p. 32.

⁵¹ Reports and Statements of Account, half year ending 30/11/1898, BHPA/PE30/6, p. 8

⁵² Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 6/9/1901, BHPA/S1/14, pp. 409-410.

⁵³ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 23/3/1906, BHPA/S1/16, p. 521.

have worked to the advantage of the Company, as in 1909 it joined in the formation, with other major world producers, of a lead cartel.⁵⁴ The Company was obviously sensitive, at the time, to entering such an agreement, as there is no specific reference or details contained in the Company minutes. It is only after reading the account in Bridges⁵⁵ that it becomes possible to trace these developments through the board minutes. The matter appears to have been raised at a board meeting on 26 February, 1909 when a private and confidential cable from the London chairman was received regarding lead. While the board "...very favourably considered the matter..." it could do nothing until the strike had been settled.⁵⁶ Mention of the matter next appears at the board meeting on 30 April when the board authorised the chairman to execute the "lead agreement". There is nothing specific in the Minutes about market shares, only a confidential letter is mentioned, without any details being provided.⁵⁷ The arrangement was not, of course, known as a cartel, instead it was referred to in the Minutes as the "Lead Convention".⁵⁸ The "lead convention" commenced operations in the second half of 1909.⁵⁹ It was only the outbreak of the First World War that temporarily interrupted the operations of the "lead convention".

⁵⁴ This was not unusual for the time. According to Picciotto, S., (1984), Jurisdictional conflicts, international law and the international state system, in Massey, D., and Allen, J., (eds), Geography matters! a reader, Cambridge, "...the period from 1890 to 1940 was one in which world trade was dominated by cartels, which often had the connivance of governments." (p. 90). See also Pettigrew, A., (1985), ICI: the awakening giant, Oxford, for ICI's involvement in cartels in the 1920's.

⁵⁵ Bridges, R. (1920), From silver to steel: the romance of the Broken Hill Proprietary, Melbourne, pp. 230-232.

⁵⁶ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 26/2/1909, BHPA/S1/18, p. 452.

⁵⁷ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 30/4/1909, BHPA/S1/18, pp. 504-505.

⁵⁸ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 23/7/1909, BHPA/S1/19, p. 36.

⁵⁹ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 17/9/1909, BHPA/S1/19, p. 78.

With the declining price of silver and the decreasing quantity of silver being mined, the lead business of the Company assumed increasing importance. For example, in the period from 1 June, 1907 to the 30 November, 1907, the Company sold 29,742 tons of lead. Of this quantity, 20,961 tons went to Europe, 5,467 tons to the combined markets of India, China and Japan, and 3,314 tons was sold in Australia. The growing importance of the Asian markets was not lost on the directors. The secretary was authorised to visit China and Japan to ascertain what customers of the Company wanted and at the same time to check on competitors.⁶⁰ Added impetus was given to importance of these markets to the Company when, in early 1908, the chairman reported to shareholders that the lead and silver markets had fallen. This fall was mainly due to a financial crisis in America which was reflected in Europe. This resulted in a fall in demand for lead and silver. The position of the silver market was further exacerbated by a lack of rain in India, and silver dealers in China and India taking full advantage of this situation by selling silver forward.⁶¹ However, the chairman was able to advise shareholders in August, 1908 that the low point in the price of silver may have been reached. This claim was based on the prospects of rain and better crops in India, together with improving trade and the further extension of the railways in China. There was also less stringency in the financial markets of the United States of America and Mexico. The Straits Settlements had also ceased selling silver to purchase gold. At this stage, the price of silver had reached 2/- per ounce.⁶² The Chairman's forecast proved to be accurate, with the price of silver remaining at

⁶⁰ Report of half yearly meeting of shareholders, 28/2/1908, BHPA/PE30/9, pp. 4-5.

⁶¹ Report of half yearly meeting of shareholders, 28/2/1908, BHPA/PE30/9, p. 1.

⁶² Report of half yearly meeting of shareholders, 28/8/1908, BHPA/PE30/9, p. 1.

2/- per ounce in 1909, then rising (except for 1915) during every year for the remainder of the period of the study.⁶³

The secretary was authorised in 1910 to again visit China and Japan to check on the Company's lead business and at the same time to discover what the prospects were for the disposal of zinc spelter in these markets.⁶⁴ The Company was also very conscious of protecting, and maintaining, its market share for lead in the Asian markets. At a board meeting in July, 1910 it was decided "...to keep as strong a hold of the market as possible, and with this in view it was decided that sales be made at a lower price than at present."⁶⁵

Some indication of the destination and quantity of the lead produced by the Company can be seen from the following table (in tons):⁶⁶

Country	1897	1915
Europe	601	1100
China	5303	4157
Japan	130	5954
India/Straits	61	390
Canada	30	-
Colonies	2051	4337
Russia		1450
Capetown		85
Total	8176	17473

⁶³ Dickinson, K. J. (1939), Mining history of the silver, lead, zinc and copper mines of the Broken Hill district to 1939, excluding the main line of lode, Sydney. [1972 reprint], p. 81.

⁶⁴ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 26/8/1910, BHPA/S1/19, p. 398

⁶⁵ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 15/7/1910, BHPA/S1/19, pp. 365-366.

⁶⁶ Disposition of lead, BHPA/A18/10(c). Unfortunately, similar figures are not available for silver.

Butlin⁶⁷ has argued that prior to 1850, Australia had become heavily dependent upon Asia for imports and that this process was facilitated by the British Raj, British merchants and an English speaking Asian group. He goes on to argue that, after 1850, with the discovery of gold in Australia and the growth of Australian wool exports, Asia markets were ignored by Australian companies, although the communications networks that had been established were still in place. As the above account clearly demonstrates the Company did not ignore Asia and in fact in the early years of the Company, one of the directors was authorised in 1888 to make enquiries relating to trade with Asia and by May, 1891 the Company was conducting a steady trade in lead and silver with the Asian markets.⁶⁸ These efforts would have been assisted by the communication networks that Butlin notes were still in place and no doubt made easier the visits by the secretary of the Company to Asia in 1907 and 1910.

The First World War and the Company

These communication networks were placed under a strain in the latter half of 1914 with the outbreak of the First World War. The first mention in the Minutes of the impending conflict was recorded in the Minutes of a meeting of 31 July, when a cable, dated 29 July, from the London office advised:

⁶⁷ Butlin, N.G. (1986), *A tale of two centuries*, Department of Economic History, Australian National University, Working Paper No. 72, pp 9-10.

⁶⁸ Bridges, R. (1920), *From silver to steel: the romance of the Broken Hill Proprietary*, Melbourne, pp. 226-227.

Silver market is weak in consequence of firms selling and influenced by political situation.⁶⁹

With the outbreak of the war, the Australian Metal Company and Elders Metal Company gave notice that contracts would be suspended for its purchases of zinc concentrates from the Company. At the board meeting that received this advice, it was also decided by the directors to cancel contracts for the purchase of lead concentrates.⁷⁰ The following day, 4 August, the board decided that the works at Broken Hill and Port Pirie would be partially closed down on 5 August, while all other non urgent expenditure at other sites would be halted.⁷¹ This decision only remained in force until 7 August.

The secretary reported to the board on 7 August that he had an interview with the Federal Attorney General, Sir William Irvine, who wanted to know what the position was of the Company. The Commonwealth Government felt that if any large suspension of work occurred, "...a most critical position would be raised at this time of hysteria." The board, after consulting the general manager, decided that for the present time the Port Pirie works would continue on a full time basis; while the works at Hummocky Hill, Iron Knob, Broken Hill and Newcastle would continue on a half time basis. The same meeting was advised by the London office that products should

⁶⁹ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 31/7/1914, BHPA/S1/21, p. 559.

⁷⁰ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 3/8/1914, BHPA/S1/21, p. 563.

⁷¹ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 4/8/1914, BHPA/S1/21, p. 565.

be shipped only to England at present; that freight rates had increased 25%; and there was a great uncertainty about sailings.⁷²

The board met on 10 August and postponed a dividend already declared after the directors had "...given their most earnest consideration to the present position of affairs in Europe..."⁷³ The Australian shareholders were much more understanding of this decision than their British counterparts, the London office forwarding several complaints about the dividend cancellation.

The London office continued to keep the board informed of how the war was affecting the metal markets. For example, a cable dated 17 August advised that with the closing of continental markets, combined with exports from chief producers - Spain, America, and Australia - lead sales were unaffected. The possibility was raised of a reduction in the production of lead to avoid flooding the London market.⁷⁴ This may have influenced the board in making a local decision to smelt, at cost price, the concentrates of other companies in order to prevent these companies closing down entirely. With the stable position in London, the increased output could be absorbed by Australia or the Asian markets.⁷⁵

⁷² Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 7/8/1914, BHPA/S1/21, p. 566, p. 569.

⁷³ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 10/8/1914, BHPA/S1/21, p. 574.

⁷⁴ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 19/8/1914, BHPA/S1/22, p. 8.

⁷⁵ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 19/8/1914, BHPA/S1/22, p. 9.

The 'lead convention' was formally suspended at a board meeting of 24 August, 1914 and fresh arrangements were made in London for a new agreement, to operate from 18 August, with the lead market being divided between the Company (25%), Penarroya Sopwith (55% combined), and America (20%). Other parties (not mentioned in the Minutes) and their selling agents agreed not to compete in the Asian markets as with no European market the competition could have been disastrous. At this stage, as the Company was the sole smelter of lead in Australia, the London board advised the Australian board that the Australian producers (excluding the Company) should also be given a fair share of sales.⁷⁶ By and large the outbreak of war did little to cause serious disruption to the marketing of the products of the Company. The general manager was able to summarise the situation, by November, 1914, in the following terms:

The outbreak of war threatened to - and for a time did - dislocate the Company's market for its products. This caused a temporary disturbance in the even flow of the Company's mining and smelting operations. The difficulties are gradually disappearing and we have nearly reached normal conditions once more.⁷⁷

Of course, in terms of timing, the outbreak of the war and the completion of the steelworks at Newcastle was most beneficial to the Company - but this matter is beyond the scope of this present work.

⁷⁶ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 24/8/1914, BHPA/S1/22, p. 16.

⁷⁷ Reports and Statements of Accounts, half year ending 30/11/1914, BHPA/PE30/10, p. 14.

Conclusion

The foregoing discussion illustrates the historical development of a world economy and how developments within such economy effected the Company. When the Company commenced operations in the late 1880's there was already in place a set of structures which had developed over time and which made the tasks of the directors and senior managers easier, as these pre existing structures were well understood and developed. But while these structures existed, the directors and senior managers were still able to make choices both in terms of how the products of the mine were sold, and in what markets. Even allowing for the socially constructed nature of the concept of a world economy, the directors and senior managers of the Company did not merely react to events taking place in an international context. From the formation of the Company until the conclusion of this study directors and senior managers were constantly seeking outlets for the products of the mine at Broken Hill. Certainly there was not a great deal the directors and senior managers could do to influence the world price for silver, dependent as such prices were on factors as disparate as climatic conditions in India, and political conditions in countries such as the United States of America, Japan, Asia and so on. But what the directors and senior managers could do they did by attempting to establish new markets for the lead and silver products of the Company and shifting the emphasis from the production of silver to the production of lead. The directors played an active part in the formation of a lead cartel, initially covering the Australian market, and as part of an international cartel. These were all choices made by the directors and senior managers. Their actions were not determined, although enabled and constrained by structural features of the world

economy. Choices were also influenced by the economic imperative but the economic imperative was never that unequivocal. As illustrated above, the directors were prepared to sacrifice short term profits for longer term gains by being prepared to sell lead at a loss in certain of the Asian markets. The directors seemingly ignored the economic imperative during the early stages of the First World War when after initially deciding to reduce both mining and smelting operations the Company chose to resume operations after a request to do so from the Australian Government. The directors also offered to smelt the products of other mining companies who now no longer had access to overseas smelting facilities. So while there may have been an economic imperative, it was not a determinate factor; rather it was another factor that enabled or constrained the actions of the directors and senior managers. It could be argued that unless the directors and senior managers followed the economic imperative then the Company would cease to exist. This argument is based on the assumption that directors and senior managers would ceaselessly pursue economic gains on behalf of the Company. Such an assumption does not provide for directors, in conjunction with senior management, to sell the Company or to otherwise no longer have any interest in the economic affairs of the Company. Once the assumption relating to the economic imperative is relaxed then the economic imperative becomes another factor which can either enable or constrain action.

PART THREE - THE 'HUMAN FACE' OF THE COMPANY

Introduction

The previous part of the thesis demonstrated the impact of physical structures on the choices available to the directors and senior managers of the Company, and the institutional structures used by these individuals. It is apparent that even the site of the ore discovery turned out to be a constraint, rather than a completely determining factor, in the operations of the Company. Part two also discussed how individuals were a central feature in the overall operations of the Company from the initial discovery of the ore deposit to the marketing of the products of the Company in the international economy. Particular attention was paid to the role of history, and the ways in which history was embedded in the experiences of individuals in developing the mining and smelting operations of the Company. The role of the directors and senior managers in institutional contexts was also discussed, especially in relation to the use by individuals of institutional resources in achieving ends perceived to be in the interests of the Company. Brief mention was also made of the ways in which transport and communications infrastructure enabled and constrained the actions of individuals. Finally, the impact of developments in the international economy was discussed in relation to the marketing of the products of the Company, and how the directors and senior managers were able to take advantage of pre-existing structures which had been the result of historical developments. Where it was possible, the directors and senior managers sought to find outlets for these products and actively cooperated in the formation of a lead cartel at both a national and international level.

All these actions were the results of choices made by individuals. The natural and built environment and institutional contexts within which these individuals were embedded served to constrain or enable choices and hence action. Choices were not determined. Even the economic imperative assumed to be of central importance to a private sector organisation was shown to be another factor which impacted upon choice in such a way as to enable or constrain action.

Given the centrality of social actors to the overall development of the Company, and the centrality of social actors for the theory being tested, the following section examines in some detail the relationships between and among directors, shareholders, and senior managers. There is also a discussion of the recruitment of senior managerial staff, as such staff had a significant impact upon the operations of the Company. There is also a discussion of what might be loosely termed the personnel practices of the Company where some indication is given of the way in which directors and senior managers treated the employees of the Company. Finally, there is an extended discussion of industrial relations and the ways in which directors and senior managers handled relationships with unions represented at the site of mining and smelting operations at Broken Hill.

Chapter nine - Political and social structures

Introduction

The purpose of this chapter is to explore how political and social structures impacted upon choices made by directors and senior managers of the Company. Although discussed separately, these structures overlapped each other, while at the same time overlapping other structures, for example, economic structures. The political and social structures formed a backdrop against which choices were made. These structures often pre dated the formation of the Company and were the result of historical factors. But political and social structures were not immutable, but subject to the same types of processes which produced the pre existing structures. In other words, while structures may have shaped the choices of individuals, individuals also shaped and often changed pre existing structures. Individuals were able to use pre existing structures in order to shape, or change, these structures for their own purposes. The location of individuals within certain structures could be either advantaged or disadvantaged by these structures.

Political structures

With operations being as geographically dispersed as they were in New South Wales, South Australia, Melbourne and London, the Company had to contend with, initially, three different political and social structures. A fourth set of institutions had to be taken into account with the advent of Federation in 1901. However, while these might

have been different structures, there was an essential sameness to each. That is, the political and administrative structures of the colonies, states, and, after federation, Australia, were all based on a British model of government and thus did not cause any difficulties in terms of significant differences between states, even if different political parties were in power. This did not mean that there were no problems. As previous chapters have demonstrated, the Company did experience problems with political and state institutions, but directors were able to overcome these problems by initially using the locally elected politician. However, as the Company grew and became more established, various members of the board were elected, first to the different state parliaments in South Australia and Victoria, and, following Federation, to the national parliament. This did not solve all the problems that could be encountered operating a dispersed organisation such as the Company, but it did make the problems of dispersion easier to overcome, although with operations in different states, problems could still arise. The type of problem that such dispersion could cause is best exemplified by the introduction by the governments of New South Wales, Victoria, and South Australia of income tax. Each colony levied income tax on the Company in the 1890's and it was some years, and only after litigation, that the situation was finally clarified. But it also meant that, especially in the case of New South Wales and South Australia, two Parliaments (and hence sets of politicians) had to be dealt with. A number of different examples have already been given in this regard. Specifically, the New South Wales Government had to provide the necessary legislation and finance to allow initially for the provision of water supplies and eventually provide a more permanent solution and legislation had to be passed to permit the building of the Silverton Tramway and the Newcastle Iron and Steel works. Assistance was given during strikes by approving the suspension of labour conditions on mining leases and

providing police to protect mine staff and property during strikes. The South Australian Government also played their part, mainly through the Railway Commissioners, passing legislation for a line from Terowie to Cockburn; approving of the Iron Knob leases being granted to the Company and selling/leasing land to the Company to erect the Port Pirie smelting works. As the administrative apparatus of the colonies/States became more sophisticated (and intrusive) the Company had to be aware constantly of potential legislation that could impact upon their operations. As will be discussed in the section regarding industrial relations, there was a distinct advantage for the head office of the Company to be located in Melbourne. This advantage was particularly important during the 1892 miners strike at Broken Hill. Geographically, the site of mining operations and much of the smelting operations was in the colony of New South Wales. The head office of the Company was in Melbourne, while directors lived in both Melbourne and Adelaide. This geographical and political distance meant that the directors of the Company, living in Melbourne, were not deeply embedded in the social and political structures of the colonies of New South Wales and South Australia where the majority of the operations of the Company were located. Those directors who did live in Adelaide were able to avoid, to a large extent, personal responsibilities for choices, by claiming the choices were made by the board of the Company which was based in Melbourne. In terms of the 1892 strike this meant that directors could, and did, ignore political and social pressures being brought to bear by political and social leaders of those colonies for the directors to settle the strike. Even the governors of New South Wales and South Australia attempted to convince the directors of the Company to settle the strike.

This geographic distance did not mean, however, that the directors of the Company were isolated from events taking place in New South Wales or South Australia. The Sydney agent of the Company played an active role in keeping the Company informed of developments within New South Wales that could impact upon the Company operations at Broken Hill. The agent also played a significant role as the representative of the Company in Sydney during the strikes that occurred at Broken Hill in 1892 and 1908. That the Sydney agent had ready access to the government of New South Wales as represented by individual politicians was due to the institutional context of the agent. He was a representative of the Company and had available to him the significant resources of the Company. It was what the Sydney agent represented that gave him such access to politicians and the State government.

An added sphere of political influence in New South Wales was the influence the Company was able to use in the election of State politicians from electorates based around the Broken Hill mining and smelting operations. The resources that directors and senior managers had access to by virtue of their institutional positions meant that politicians from the Broken Hill area had to be somewhat cautious as to the treatment of the Company by the State government. Of course, the influence the Company had with local politicians waned to a certain extent when parliamentarians were paid as elected members which meant there was less reliance on other sources of income and the reasons for providing wholehearted support of the Company became somewhat less than it had been.

The situation in South Australia was different to that in New South Wales. From the early years of the formation of the Company up until the conclusion of the period

being studied, South Australian interests had always been well represented, either as directors or in terms of the number of shareholders of the Company. Those directors who lived in Adelaide were a part of the social and political landscape of that city to such an extent that various directors of the Company were successful in being elected to the South Australian parliament. South Australia had also had a much more significant relationship with the Company than New South Wales. Again, geography and transport infrastructure had a role to play in that Adelaide was geographically closer to Company operations at Broken Hill than was Sydney. South Australia provided the port facilities and rail facilities necessary for the transport of goods to and from mining and smelting operations at Broken Hill. It was also to South Australia that the Company transferred the whole of its smelting operations in the early 1890's thus depriving New South Wales of the income generated when the smelting works were located at Broken Hill.

Politics and politicians

In the early life of the Company, politics at the colonial and local level seemed to have had little impact. But with the development of various political institutions, this situation changed and the directors and senior managers recognised the significance politics could play in the operations of the Company. As was demonstrated in the discussion of attempts to secure a permanent water supply for the Company, a number of colonial politicians were used by the Company towards this end. There was also an appreciation by directors and managers of the potential impact of local politics on the operations of the Company.

When the town of Broken Hill was incorporated in 1888 either the directors or the general manager must have decided that a ward system of local government would better suit their purposes (the general manager, Patton, was an American, and thus would have been very familiar with ward systems). It was arranged with De Courcey Browne¹ in June, 1888 that a petition be prepared for the subdivision of Broken Hill Municipality to be split into wards. De Courcey Browne forwarded the petition to the board, with the request that "...his actions in the matter might be kept private." As De Courcey Browne was elected member to the colonial Parliament in Sydney for a district with a large number of unionists this request was understandable. The board instructed the secretary to make the petition out in the proper form and forward it to one of the directors at Broken Hill, D. McBryde who would then pass it on to the general manager. The signed petition was returned to De Courcey Browne in July, 1888.²

After the local elections had been held for the first time, the general manager was able to advise the board meeting of 4 December, 1888 that the elections were satisfactory as Piper [a mine manager] had been elected Mayor, and "...we have a majority in Council so can regulate matters."³

The assistance of De Courcey Browne was also enlisted in April, 1889 when the board asked him to assist the Company in preventing resumption of a mineral lease. This he

¹ De Courcey Browne had been elected to the New South Wales Parliament in 1887. *Silver Age*, 3/1/1889.

² Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 17/6/1888, p. 185; 31/7/1888, p. 209, BHPA/S1/3.

³ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 4/12/1888, BHPA/S1/3, p. 326.

did, confirming his previous advice that the resumption was to be cancelled.⁴ De Courcey Browne again provided assistance to the Company in October and November, 1889. On the first occasion he provided assistance in negotiating compensation to land owners in order that the Company could secure a tram track right of way; the second occasion he acted as an arbitrator in the miner's strike, for such services he was paid £250.⁵

His name crops up again in late November, 1889. The board asked him to discover if the land used by the Company for workmen's residences would be resumed for water purposes. De Courcey Browne advised that there were some "...serious difficulties" with these blocks, due, in the main to the way they had been amalgamated and then alienated. This had been done in such a way that the amalgamation was invalid and could thus be subject to being forfeited. He suggested that the blocks in question be transferred to Block 14 Company and then be sub-leased from that Company. The documents arranging this were executed the following day.⁶

In March, 1892 there appears the first of a curious number of entries in the board minutes. The board agreed "...that the secretary be empowered to disburse £100, in connection with special business of the Company in Sydney."⁷ Later in the same year W. R. Wilson, a director, advised the board meeting of 15 May that "...he had disbursed £100 in Sydney in accordance with the directions of the board." This is curious as the board seem to have been very meticulous in specifying what funds were

⁴ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 24/4/1889, p. 479; 7/5/1889, p. 487, BHPA/S1/3.

⁵ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 22/10/1889, p. 105; 9/11/1889, pp. 128-129; 26/11/1889, p. 147, BHPA/S1/4.

⁶ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 26/11/1889, p. 150; 7/1/1890, p. 177; 8/1/1890, p. 181; 9/1/1890, p. 183; 10/1/1890, p. 184, BHPA/S1/4.

⁷ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 8/3/1892, BHPA/S1/6, p. 466.

being spent for what reason. On this occasion (and a number of others which will be discussed below) no record of the reason for the expenditure can be located. In terms of timing, the May event took place one month prior to the confrontation with the unions, an event the board had anticipated.

The Company was also still actively involved in local government politics, with the general manager advising the board by telegram of 14 February, 1893 that "...we got three of our men in out of four - Pell beaten." The board was also prepared to spend money in getting "their" candidates elected. The general manager, by letter dated 9 April, forwarded an analysis of expenditure on account of Municipal election expenses. No details of the expenses are provided in the Minutes.⁸

The news from the general manager for the elections for 1894 was not so good. A telegram from the him, dated 17 July 1894 advised "All the Labour candidates elected here." The secretary advised that board that he had dispatched the following telegram in reply to the general manager:

board exceedingly regret unfortunate election result throughout the district - particularly after your untiring efforts on behalf of all interests, and they reiterate their deep sensibility of anxious time you must have experienced.⁹

⁸ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 14/2/1893, p. 420; 11/4/1893, p. 501, BHPA/S1/7.

⁹ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 19/7/1894, BHPA/S1/9, p. 106.

By the following year, the general manager had decided that "...after consultation recommend no action whatsoever be taken - not the slightest possibility of influencing result in any district." The general manager was referring to the State election, as the Company was still trying to influence local elections¹⁰

The attention of the board now turned to the election of the local hospital board, the general manager advising that:

...as several prominent labour men have been proposed we are anxious to command as many votes as possible. I am sending you herewith a list of persons in whose names donations have been handed to the Institution by the Company, and shall be obliged if you will get each to sign his name inside the flap of a blank envelope, leaving same open, and send on to us by an early opportunity. We will then insert the ballot paper, striking out the correct names.¹¹

While the above quote illustrates how the Company was able to influence the hospital board elections, using Company funds, it does raise the question of why would they bother? The hospital board may have had some social status locally, but in terms of the operations of the Company, the impact of such a board would have been negligible. Rather it seems more a case of maintaining the status quo between manager and worker and that it was managers (and those of a similar social standing) who served on boards (even relatively insignificant hospital boards) not those of lesser social standing. Even to the extent of acting in a way which while perhaps not illegal

¹⁰ Private telegram from acting general manager to secretary, 10/7/1895; Letter from acting general manager to secretary, 10/7/1895, Letterbook, BHPA/M3/4, p. 317 and p. 318.

¹¹ General manager to secretary, Letterbook, 4/2/1896, BHPA/M3/5, p. 457.

was certainly unethical if for no other reason than the funds had been provided from the funds of the Company, not the individuals who were casting votes.

The Company was still expressing an interest in local government elections.

Regarding the results of the elections in 1896, the general manager advised the secretary that:

The election of Aldermen for Wills, King, Sturt, and Burke wards took place on Friday last...With the exception of Sturt Ward, those elected are quite desirable representatives, but, unfortunately, Wright, who was returned for Sturt Ward, is a very objectionable person, being a very strong 'Unionist', and one who is strongly antagonistic to the best interests of the Company, but as he is a single minority, no doubt he can be controlled.¹²

As well as revealing what the general manager thought of unionists, it is also revealing of the relationship which existed between the secretary and general manager. While the above letter was sent to the secretary, the board meeting of 20 February, 1896 was advised by the general manager the "...result of local municipal elections were fairly satisfactory with the exception of one ward."¹³

¹² General manager to secretary, Letterbook, 13/2/1896, BHPA/M3/5, p. 481.

¹³ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 20/2/1896, BHPA/S1/10, p. 331.

In early 1897 there is another curious entry regarding the payment of money. At the board meeting of 14 January the "...secretary communicated contents of a confidential letter from the general manager dated 11th inst; with respect to a certain matter, and it was decided that the sum of £250 should be voted for distribution at the general manager's discretion." Again, as on the earlier occasion, the Minutes are silent regarding the "certain matter".¹⁴

In February, 1899 the general manager advised the secretary of the result of the hospital elections "...which is satisfactory."¹⁵ In April, 1899, there is another similar type of entry in the Minutes relating to unspecified expenditure. At a meeting of 21 April, the "...secretary submitted confidential letters from the general Manager in regard to special matters, and cheque for £100 was passed to the credit of Mr. Delprat [general manager] for general expenses." Again, there is no mention of what these "special matters" were.¹⁶

Social Context

The operations of the Company obviously did not take place in a social vacuum. The organisation that was, initially, the Syndicate of Seven, the Broken Hill Mining Company and then the Company was embedded in a broader set of social relations and institutions that together provided the overall social context within which individuals lived, worked, socialised and died.¹⁷

¹⁴ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 14/1/1897, BHPA/S1/11, p. 202.

¹⁵ General manager to secretary, Letterbook 4/2/1899, BHPA/M3/6, p. 403.

¹⁶ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, 21/4/1899, BHPA/S1/13, p. 88.

¹⁷ Granovetter, M., (1985), Economic action and social structure: the problem of embeddedness, *American Journal of Sociology*, 91/3, pp. 481-510.

The language of class,¹⁸ and ideas of paternalism were not abstract ideas but rather the blueprints upon which men and women based their actions. The newspapers of the period illustrate how issues were couched in class terms. The owner and editors of these papers made their own social and economic positions clear in both editorials and the reporting of significant issues. For example, the Age newspaper of Melbourne consistently supported a capitalist view, in relation to issues involving potential challenges by either the State, or unions, to the established capitalist status quo.¹⁹ The capitalist ideology was not exclusive to urban areas. Even in Broken Hill, the interests of capitalists and workers were represented by and in separate newspapers. The Silver Age, established initially at Silverton in the early period of the silver discoveries, was pro capitalist, while a rival newspaper at Broken Hill, the Broken Hill Times was more worker focused. Neither newspaper survived. The Broken Hill Times was replaced by the Silver Age. As the Barrier silver field became more unionised with the development of mining and smelting operations generally, union leaders used their institutional positions to urge boycotts on those traders and merchants who were not supportive of the workers' cause. The boycotts were successful, as revenue declined and the Silver Age eventually ceased publication, despite efforts by individuals from within the Company to keep it in print. At a Board meeting on 5 October, 1893, the secretary and general manager were authorised to consult Giddens and Gold about the future of the Silver Age newspaper.²⁰ On the 9 October, 1893 the board decided that an amount up to £750 would be spent and

¹⁸ It is not proposed to discuss in any depth the issue of class. Instead, class is treated as the subjective understanding of the individuals involved in various events.

¹⁹ For more detail on this aspect of newspaper ownership, see Sayers, C. E., (1965), David Syme: a life, Melbourne, and Souter, G., (1981), Company of Heralds: a century and a half of Australian publishing, Melbourne.

²⁰ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, BHPA/S1/8, pp. 233-234.

other barrier companies approached for support.²¹ On 24 May 1895 the assistant general manager wrote privately to the secretary sending an inventory of the paper and suggesting the matter of the paper be brought to a head as "...expenditure seems to becoming heavier."²² One month later on 3 June the general manager wrote privately to the secretary advising that the final issue of the paper had appeared on the previous Saturday. He also sent a coded telegram advising that a total of £2,232 had been spent on the paper.²³ The institutional position occupied by individuals allowed them the financial means to continue to promote their point of view through a newspaper. But they were still enough of capitalists to know when not to throw good money after bad, especially as the Barrier became heavily unionised. Competition to the Silver Age was provided by a union controlled newspaper, the Barrier Miner. Union leaders used their institutional position and finances to ensure the survival of the newspaper by including the price of the newspaper in union membership fees. With the demise of the Silver Age and the increasing economic power of the working class, some capitalists in Broken Hill came to publicly support union causes against other capitalists, even if in private they opposed unions and unionists. As always, the capitalist class was far from homogeneous.

The social milieu within which the men and women lived influenced their actions and decisions, just as much as the individuals influenced (to a much lesser extent) the social milieu in which they lived. The 1880's, 1890's and 1900's were turbulent times in Australian history and those who were a part of such history could not help but be

²¹ Minutes of Meetings of Directors, Broken Hill Proprietary Company Limited, BHPA/S1/8, p. 243.

²² General Managers letterbook, BHPA/M3.4, p. 80; p. 84.

²³ General managers letterbook, BHPA/M3.4, p. 121

influenced by the daily events that have come to be seen as socio-economic history.²⁴

Three events that had specific impacts on the Company and individuals connected with the Company were the silver share boom of 1888, the Maritime Strike of 1890, and the economic depression dating from 1891. The latter two events had more impact on day to day operations of the Company, as discussion later will reveal, while the first benefited individuals connected with the Company in their roles as shareholders.

But not only were individuals and institutions shaped by events of the late nineteenth and early twentieth centuries, but also were influenced by events that had taken place in other lands, notably Britain and the United States of America. The people who comprised society of late nineteenth and early twentieth century Australia were not bereft of experiences of other social contexts. This "cultural baggage" was also brought with them to Australia, and often perpetuated, as signified by the constant references to "home" when referring, or alluding to, Britain or the United States of America. Even those who had permanently settled in Australia still referred to visits to Britain as visiting "home".

²⁴ For discussion of the social-economic context generally see Boehm, E. A., (1971), Prosperity and depression in Australia 1887-1897, Oxford. For Broken Hill see Kennedy, B., (1980), Silver, sin, and sixpenny ale - a social history of Broken Hill 1883-1921, Melbourne. For Melbourne see Grant, J., and Serle, G., (eds)(1978), The Melbourne scene, 1803-1956, Sydney; Cannon, M., (1966), The land boomers, Melbourne. Turner, H. G., (1904), A history of the colony of Victoria, Vol. II. 1854-1900.

Conclusion

While the above is a brief discussion of the political and social structures within which the Company was developed, it does serve to illustrate how directors and senior managers used individuals in institutional positions in order to advance the interests of the Company. Individuals could not, and did not, separate themselves from the broader social and political structures of which they were a part. For example, directors and senior managers understood their role as ensuring the class that they identified with/represented maintained sway, not only in terms of the interests of the Company, but also in terms of society generally. The main challenge to the maintenance of capitalist social and political structures came from those representing themselves, or being represented, as members of the working class. Apart from those instances noted above, the extant material does not permit a detailed examination of this issue. However, the dividing line between capitalist and worker is shown to greater effect in chapter twelve during discussion of the management of personnel issues of the Company. Worth noting, at this point, is that it was individuals who represented the interests of capitalists and workers, not organisations. Certainly, individuals used their institutional positions and the resources available to them in attempting to have specific viewpoints accepted as legitimate by the community at large.