ACROSS THE GREAT DIVIDE: THE ECONOMY OF THE INLAND CORRIDOR*

Lionel Frost†

ABSTRACT

In current debates about regional Australia, many observers point to a gap in incomes and access to services between Australia’s capital cities and the rest of the nation. Supporters of this view tend to see government intervention as necessary to reverse the declining fortunes of regions and encourage industries to relocate away from congested capital cities. An alternative view is that regional Australia has become differentiated, which suggests that more flexible government intervention, targeting regions that are capable of driving growth in local economies, is warranted.

This paper considers the ways in which a historical perspective might shed light on this debate. An overview of the economic history of the Inland Corridor in the 19th and 20th centuries reveals complex patterns of conditions that varied across space and over time. A dense network of small towns, established when transport and manufacturing technologies were simple, provided a connection between primary producers and external markets. After World War I, technological and global forces weakened the traditional link between farm output and economic activity and left country towns vulnerable to decline. None of these trends is explained adequately by the ‘divide’ that contemporary observers perceived between politically powerful, parasitic capital cities and their resource-starved hinterlands. This suggests that it is more appropriate to see the regional Australia of today as an evolving system of conditions, with some regions diversifying and responding to new economic opportunities more effectively than others, rather than a sector that is in general decline.

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† Department of Economics, Monash University, PO Box 1071, Narre Warren, Australia 3805. Email: lionel.frost@buseco.monash.edu.au

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The mountain road goes up and down
From Gundagai to Tumut Town.

And, branching off, there runs a track
Across the foothills grim and black,
Across the plains and ranges grey
To Sydney city far away.

It came by chance one day that I
From Tumut rode to Gundagai,
And reached about the evening tide
The crossing where the roads divide;

(A.B. ‘Banjo’ Paterson, The Road to Gundagai)

In this ballad, Banjo Paterson uses the crossroad as a metaphor for the choices people had to make about whether they would live in rural or urban Australia. At the road leading to Sydney, Paterson meets ‘a maiden fair of face’, born and bred in the mountain country of New South Wales:

Then, fearing I might go astray,
I asked if she could show the way.

“The tracks are clear,” she made reply,
“And this goes down to Sydney town,
And that one goes to Gundagai.”

Then slowly, looking coyly back,
She went along the Sydney track
I turned and travelled with a sigh
The lonely road to Gundagai.¹

For Paterson, the choice the woman makes is an absolute one, with significant implications for her future. The turnoff to Sydney symbolised a Great Divide in Australian society, where the country changed direction materially and morally. Paterson’s perception of a gap in the relative attractiveness of ‘the city’ and ‘the bush’ continues to inform debates about the future of rural and regional Australia. While the capital cities have developed highly-paid, multi-skilled workforces that benefit from an increasingly deregulated and globalised economy, most parts of regional Australia are perceived to be in decline. In 1901, 2.3 million people - 61 per cent of the Australian population - lived in areas inland of the Great Dividing Range where the most important areas of Australia’s pastoral, agricultural, and mining industries were located. The population of ‘the bush’ increased to 3.3 million over the next hundred years, but in that time the capital cities increased their population from 1.3 million to 12.3 million. As a result of the growth of the capital cities and provincial cities and towns along the coast, the proportion of the Australian population living in inland regions has dwindled to 17 per cent. This reflects a decisive shift in population from the hot, dusty plains and their networks of small towns and medium-sized cities that were once the heartland of Australia to the highly urbanized and suburbanized areas within reach of the sea.² Geoffrey Blainey has argued that ‘the Great Divide’ has widened in the past half-century and ‘the rift between country and city is wider than at any time in the last 150 years’.³ ‘The “Bush”; writes Graeme Davison, ‘long a national ideal, has become in our times an object of pity’.⁴

Those who perceive that the city-country divide has widened tend to argue that free-market economic reform is to blame for the situation, and that government intervention is needed to reverse the declining fortunes of regions and encourage industries to relocate away from congested capital cities. An alternative view is that regional Australia has become differentiated, with some regional centres having grown faster than smaller communities in mostly inland regions. The reasons for these regional variations are not explained adequately in terms of a city-country divide, and may rather reflect the success of investment under a neoliberal policy framework, which places ‘faith in both market forces and individual/community-based actions to achieve positive outcomes’.⁵ This suggests that more flexible and selective government intervention, targeting regions that are capable of driving growth in local economies, is warranted.⁶

This paper aims to bring an economic historian’s perspective to bear on this debate. A survey of the Inland Corridor’s changing land use in the nineteenth and twentieth centuries reveals complex patterns of conditions that varied across space and over time. The value that white settlers placed on land as a source of wealth created a substantial level of demand for land suitable for primary production. This demand generally exceeded its supply, but the amount of land that was available tended not to increase in response to increases in its price. An inelastic supply of land meant that when changes in
technology or runs of good seasons raised expectations about whether land could be developed and used profitably, the new land that was offered was taken up quickly. Overuse of resources resulted as primary production was pushed into increasingly dry areas. Surges of optimism at times characterised parts of the Corridor while other regions were stagnating or contracting. As the pastoral, mining and agricultural industries spread through the Corridor, towns provided the inputs and services that producers needed. These towns were established when transport and manufacturing technologies were simple and services were consumed on the spot, at the same time and location as they were produced. Parliaments assisted this expansion by charging low prices for the use or purchase of Crown Land, and by building railways into the Corridor. Firms based in the capital cities offered markets, commercial services and production inputs to primary producers. The result was the creation of a dense network of small towns that were close to primary producing areas and part of a complex spatial system that linked primary producers with larger external markets. As the level of distance protection that these towns enjoyed and the link between farm output and local employment broke down in the twentieth century, a number of country towns have experienced a demographic and economic decline. A decline in fortunes has not been a universal phenomenon, however, and the success of towns which have vibrant businesses and communities and have forged strong links with capital cities and their money emerges as a feature of the Corridor’s adjustment to changing economic circumstances.

EXPANSION AND ANXIETY

Born near Orange in 1864, Banjo Paterson attended Sydney Grammar and began working as a solicitor in Sydney in 1886. From his ‘dingy little office’ near the Rocks, Paterson observed a ‘dusty, dirty city’ that was bursting at the seams.7 As one of the key gateways of the Corridor, where a rail network serving a large, productive hinterland connected to seaborne trade routes, Sydney was a fast-growing metropolis with 400,000 inhabitants in 1891, 86 per cent of whom lived within a three-kilometre radius of Circular Quay.8 The population had increased by 262,000 over the previous twenty years, ‘without adequate provision of the amenities likely to preserve the quality of living or the basic health of the citizens’.9 Close to the city centre, crowded terraces and court dwellings made the housing stock comparable to that of Dr William Duncan’s Liverpool. The city’s inadequate water supply and primitive sanitation made it as much a ‘filthy sewer’ as de Tocqueville’s Manchester. To rural communities throughout New South Wales, Sydney, with its high wages and bright lights had the same ‘hollow glitter’ that their Midwest counterparts saw in Chicago. To those who saw the city as a monster that devoured scarce labour and capital from the hinterland without giving much in return to farmers and pastoralists, Sydney was as much ‘an excrescence, a gigantic parasite fattening upon the life-blood of an entire commonwealth’ as Frank Norris’s San Francisco.10

In the late 1890s, Paterson began contributing to a Sydney weekly, the *Bulletin*. In doing so, he joined a circle of like-minded, alienated young men, who lived mostly in the rough neighbourhoods around Sydney’s major concentration of boarding houses, close to the central business district, the waterfront and the main railway station at Redfern. Reacting
to the urban environment in which they lived, with its ‘Chinese opium dens and sixpenny
restaurants, drunken youths swaying under gas lamps, painted women waiting on street
corners and the ceaseless tidal flow of faces in the street’, these writers developed in
verse and short story a negative image of the city, with the countryside portrayed as a
separate, moral universe. The Maritime Strike of 1890 and the increased poverty and
overcrowding that resulted from the depression later in that decade only increased the
Bulletin school’s disenchantment with the city. Paterson’s solution to Sydney’s problems
was to make small farms more freely available on ‘the rolling fertile plains’ of the
Corridor. Similarly, Henry Lawson, who grew up on a small farm from which his parents
struggled to make a living, wrote in 1890 that ‘if some of the surplus suburbs of Sydney
were shifted up country a few hundred miles, New South Wales would greatly benefit
from the change’. E.J. Brady portrayed the Corridor as a mythical ‘Land of the West’, the
antithesis of Sydney’s poverty and class tensions.

The Bulletin’s association of country living with independence and good health, and of
cities with vice, selfishness and dirt was a view that was held widely. In both Australia
and North America, rural communities that prided themselves on their sincerity and
neighbourliness saw big cities as places that were ‘full of moral snares for the unwary’, as
they brought people together in close proximity but robbed their inhabitants of their
compassion and independence. Rural Australia saw the capital cities as parasites that
used political power to drain resources and inflate farming costs in their hinterlands. Even
merchants and industrialists in the capital cities, who demanded high levels of public
spending on urban infrastructure and saw their counterparts in Corridor towns as rivals,
were concerned about the effects of rural downturn on their level of business.

By the 1880s, Melbourne was Australia’s major port and its commercial footprint
extended well beyond the borders of Victoria. More than one-third of the New South
Wales woolclip was exported through Melbourne and commercial interests based in the
city operated and invested as far afield as Broken Hill, northern Queensland, Fiji and
New Zealand. When Melbourne was dubbed ‘the metropolis of the Southern
Hemisphere’ by a visiting Englishman, ‘the title signified that Melbourne had acquired an
overwhelming hegemony in its region, … [and] so far from being a meek client of the
hinterland, seemed to have become its smug proprietor’. What concerned people about
Melbourne was not so much its physical environment – compared to Sydney, a very high
proportion of the population lived in detached suburban houses and the districts close to
the city centre were less congested – but its population in relation to the rest of Victoria.
Similarly, in South Australia, where the survey and sale of new rural land was invariably
applauded, the growth of Adelaide ‘was regretted in parliament, at speech days, at
banquets and official functions, in the editorial columns of the press, in all places, in
short, where men had something to say about the state of the province and the problems it
faced’. With its open spaces, ample parkland and low-density physical fabric, Adelaide
was no urban hellhole, yet a general view prevailed that ‘considered Adelaide’s growth
not as a sign of economic progress, but as a threat to it’.

These attitudes reflected a tension between the ease with which people were able to move
through the Corridor and exploit its resources, and the friction that this created as people
had to adapt to the presence of indigenous inhabitants and the challenges of an alien environment. From 1820, when pastoralists began to move stock to the lands west of the Blue Mountains, the wool industry expanded quickly and soon generated a substantial surplus that could be exported to growing British markets. The search for room to graze flocks and herds motivated the exploration of the lands of the Corridor. The wool industry grew explosively in the 1830s, as New South Wales pastoralists moved beyond the Great Dividing Range and then north across the Liverpool plains to the New England plateau, and squatters from Van Diemen’s Land established bases for the occupation of land in the Port Phillip District. Sheep thrived on the grasslands of the Corridor, and the high value of raw wool in relation to its volume allowed the holders of pastoral licences to establish profitable enterprises despite high costs of labour, capital and land transport. Licence fees were low and the land required little investment, other than the purchase of sheep until flocks were established, to make it productive. This form of production and the value it placed on private property clashed with the nomadic, customary nature of Aboriginal society and this discord often erupted into violence. Wool-growing also impacted on the landscape, as sheep consumed native grasses and left the land vulnerable to erosion. By the end of the 1840s, most of the Corridor’s fertile land, stretching from western Victoria to southern Queensland had been taken up by squatters, who appeared to enjoy secure tenure. Although the Victorian Gold Rush drew labour from pastoral work and inflated the squatters’ production costs, pastoralists benefited from population increases which expanded the domestic market for meat. The wool industry experienced a further phase of expansion in the 1860s, as paddle steamers plying the Murray, Darling and Murrumbidgee Rivers, with connections by rail to Melbourne through the port of Echuca, encouraged pastoralists to open up new areas of production in New South Wales.

The campaign to ‘unlock the lands’ from the grip of squatters was led by gold-rush immigrants. Most immigrants to Australia were from British cities, but they were ‘carrying folk memories of a departed age of rural independence’, and their act of emigration reflected a desire to live a better quality life than was possible in the urban environments of their homelands. Colonial governments responded with legislation that was intended to create a countryside ‘covered with smiling homesteads and prosperous farms … the soil being held and tilled by a yeomanry, who would be a moral, religious, upright community spreading happiness around them’. As in North America, ownership of a farm of one’s own was presented as a way of avoiding the dull, repetitive nature of urban work. As one rural newspaper editor from America’s Great Plains put it:

The young man who has the nerve to leave the drudgery of the mill and factory and strike out for himself will succeed in the West. If he works earnestly in his new setting, within a few years he will find that he has a place in the community and has a recognized individuality which the factory hand or the small clerk can never know.

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The squatters had prospered by utilising large areas of grassland and bringing it to productive use quickly and cheaply. By contrast, the supply of land that was suitable for farming was quite inelastic. With its best farmland being located close to coastal ports, South Australia was the initial major point of entry for farmers into the Corridor. Here, Crown Land was sold according to the principles of ‘systematic colonisation’ set out by Edward Gibbon Wakefield, which made small areas of land available at high prices. Legislation that was similar in principle was passed in the other colonies, and before the 1860s farms of usually no more than 100 acres close to the capital cities and other major towns were sold at auction, with the purchase price to be paid immediately in cash. Expansion of settlement into new land beyond these local markets was limited by the price of land and high inland transport costs. Much of the Corridor’s best land was controlled by pastoralists or covered by dense Mallee scrub that was expensive to clear, and was generally considered to be too dry for wheat growing.

From the 1860s, more liberal land legislation that allowed larger farms and purchase on credit, and the invention of new technologies that allowed farmers to clear Mallee scrub and cultivate the land in a cost-effective way increased the supply of farmland and encouraged more buyers to enter the market for land. In South Australia, settlement surged northwards and across the Yorke Peninsula and part of the Eyre Peninsula and excellent crops were produced from new land during a run of favourable seasons. The area sown for grain in the colony increased from 533,000 acres in 1869 to over 1.3 million acres in 1879. As late as 1890, more land in South Australia was sown to grain than in all the other Australian colonies put together. Legislation that allowed prospective farmers to ‘select’ areas of land that was still owned by the Crown, and then pay for it in instalments over several years, pushed settlement into Victoria’s Wimmera, northern plains and Goulburn Valley, to the west of New South Wales’ tablelands and into the Riverina. When an international glut of wheat depressed prices from the 1870s to the 1890s, farmers were forced to reduce production costs. Most cropped their land continuously with wheat to generate quick cash flows, ‘scratching’ the soil by using simple cultivation techniques and making no attempt to conserve its fertility, because labour and capital were so expensive. By the late 1890s farmers had developed new methods of cultivation, fallowing, sowing, fertilising, and harvesting that were cost-effective in dry conditions and on low fertility soils. In the ten years before World War I, rising international wheat prices encouraged settlers to clear large areas of Mallee land for farming in South Australia and Victoria. In New South Wales settlers followed the rail lines that were built to serve the pastoral industry and headed towards the Mallee country in the west of the state. Between 1890 and 1914, the total area sown to wheat in Victoria and New South Wales increased from 1.6 million to close to 5.8 million acres. In both states, wheat acreage was now greater than that of South Australia. Cheap land in Western Australia and Queensland’s Darling Downs was also attractive to farm-seekers.

The basic pattern of land use, systems of cities and towns, and patterns of circulation between them and their hinterlands in the Corridor’s continental crescent was set before World War I. Wool and wheat production predominated in the Murray-Darling Basin. In the 1870s and 1880s, the wool industry again expanded rapidly, as runs were fenced, governments built long areas of rabbit-proof fencing, and artesian water supplies were
tapped. This allowed pastoral enterprises to be set up in areas of low rainfall that were
distant from natural waterways, mainly in New South Wales and Queensland. These
investments encouraged pastoralists to stock the land to its maximum capacity, which led
to further deterioration of pastures and soil erosion. Australian sheep numbers stood at
106 million in 1892, but after the long-term drought of 1895-1903 numbers fell to 54
million. Throughout the Corridor, most wheat farmers had enlarged their original
holdings by buying land from neighbours who had left the area, and accumulated enough
land – over a thousand acres in places – to keep sheep for wool and fat lambs, grazing
them on stubble and fallowed paddocks. Keeping sheep on wheat land, the use of
superphosphate, improved seed varieties such as Farrer’s ‘Federation’, and the breaking
of the drought all helped to raise wheat yields. This mixed farming raised the carrying
capacity of the land and increased wool yields per sheep. Diversification and
productivity improvements allowed Australia’s rural sector to benefit from increases in
world prices of grain, meat and dairy products before World War I. Some pastoral estates
were subdivided into smaller farms, either privately or through acquisition of the land by
governments. Most of the remaining Mallee land that was suitable for wheat-growing
was made available and taken up. In Western Australia, settlement spread along railway
lines east of Perth to Merridan and south to Katanning, with 1.4 million acres planted to
wheat in the state by 1914. The area under wheat in Western Australia had increased to 4
million acres by 1930, and a wheat belt extending from Geraldton to Albany had
been established.

Where the summer rainfall was higher, the richer pasture was used for cattle rather than
sheep. The dairy and meat export trades were boosted by technological advancements in
refrigerated shipping. Good cattle raising country – where the soil was moderate at best
but water supplies were reliable – extended through north Queensland to the Gulf of
Carpentaria, and then west to the Barkly Tableland, the Victoria River district, and into
Western Australia in the Kimberley district between the Ord and Fitzroy Rivers. In
other parts of the crescent irrigation was used to grow fodder for dairy cattle, and large
areas of fruit and vines were cultivated at irrigation colonies such as Mildura and
Renmark along the Murray River, and in regions such as Victoria’s Goulburn Valley.
Mineral deposits scattered throughout the crescent encouraged people to cluster in cities
such as Bendigo, Broken Hill and Kalgoorlie, and smaller towns such as Kapunda,
Charters Towers and Cobar.

The wool industry allowed the owners or providers of factors of production – land, labour
and capital – to interact with each other in the expectation of profit. Squatters took up
sheep runs to increase the size of their flocks and the woolclip, financed by borrowings
from local banks and merchants and British investors. Annual pastoral licence fees
provided revenue for colonial governments. Established pastoralists sold off part of their
flocks to those starting out in the industry. Shearers, shepherds and urban workers offered
the services needed for profitable wool production in return for wages. Underlying the
countless transactions involved in the Australian rural and urban economy was the
strength of British demand for wool. As Bate observes, the Australian wool industry ‘was
probably the most capitalistic form of primary production in the world at that time’. The
people who selected land in the Corridor had annual rent and other bills to pay and few
attempted to become self-sufficient farmers. By the time credit selection was allowed ‘the ideal of a self-supporting yeomanry was gone and in its place there had emerged the reality of a foot-loose population engaged in a business-like approach to agriculture, specializing in wheat growing for a world-wide competitive market’.34

These intensely capitalistic developments were part of a global process of European expansion, based on the exchange of production inputs and finished goods from Europe for the resources of settler societies and the tropics. The spread of European settlement and commerce was made possible by advances in military and communications technology that increased the capacity of Europeans to conquer other lands.35 The application of steam power and iron to ships, riverboats and railways improved Europeans’ speed of movement, and, with new firearms, boosted their firepower. New medicines reduced the impact of tropical diseases on Europeans. The submarine cable permitted fast transfer of military and commercial information. The importance of telegraph communication, and the Corridor’s connections with a global economy were exemplified by the overland telegraph route from Adelaide to Darwin, which was completed in 1872. This provided low-cost and almost instant information to Australian producers and firms, but also encroached on traditional areas of Aboriginal habitation.36 In settler societies, primary producers were linked by networks of commercial and transport facilities that focussed on a metropolitan city. These cities were gateways to external markets and major sources of capital, and ‘were, in an even broader view, themselves outliers of London, within a truly global system of commercial and cultural aggression’.37

When people took up areas of land in the Corridor they were assisted by both the public and private sectors. Colonial and state governments pursued rural development policies that were designed to encourage private individuals to invest in developing the nation’s resources. Liberal land legislation and schemes such as closer settlement and soldier settlement were designed to reduce the costs of setting up a farm. Railways were built with the intention of reducing farmers’ production costs. Large-scale works that were beyond the means of local communities were constructed to distribute water to the greatest possible number of farmers. Colonial Departments of Agriculture employed plant pathologists who developed rust-resistant wheat seed varieties, and chemists who experimented with cross-breeding of wheat and the application of chemical fertiliser. The proceeds of the economic growth that were expected to result were to be shared between the state (through increased revenue from taxes, charges, and land sales) and the rest of the community (through greater economic activity). This symbiotic partnership between the public and private sectors was the essence of what contemporary observers called ‘colonial (or State) socialism’.38 Because of their diverse geographical characteristics, the Australian colonies, and the regions within them, did not develop at an even pace. Colonial governments were engaged in a process of competition to attract and retain labour and capital, and as the economic potential of each region became apparent and the demand for land increased, governments provided the infrastructure that was thought to be needed to enable resources to be developed to their fullest extent.
Those who selected land but had insufficient capital to develop it could usually rely on bank advances and credit from local storekeepers to tide them over between harvests. For farmers moving to new areas, stock and station agents offered a greater range of financial and marketing services than banks did, and had more financial resources than storekeepers. For example, Dalgety, a stock and station agent firm with headquarters in Melbourne had branches and sub-branches throughout the crescent, from Deniliquin to Longreach and from Narracoorte to Geraldton.

Given this level of institutional support for farming, it was possible for farmers from regions in which resources had been exploited fully to move to regions that were undergoing expansion. As a result, growth in one region might offset stagnation or decline in another. McCarty observed that the persistent gaps between rich and poor regions that emerged in the United States, Argentina and Brazil were in contrast to ‘the relatively high degree of uniformity of living standards and way of life across Australia. Throughout Australia’s history there has been no colony, or substantial region of a colony, that has become a poverty region, with real incomes significantly less than the national average’. Although McCarty’s generalisation is basically correct, care should be taken not to overlook incidences of poverty that were localised or confined to short temporal periods. In late nineteenth- and early twentieth-century Darwin, for example, the Chinese and the rest of the non-white population lived in ‘small hovels’ and provided cheap labour for mining, construction, and the growing of food in small gardens. People who worked as farm and general labourers in the hope that farm land would become available tended to overstock the unskilled labour market in country towns. Although rural work became more scarce and short term with the introduction of new harvesting machinery, improved ploughs and the fencing of pastoral runs, labour continued to be retained in the rural sector, where wages for unskilled work remained lower than those in the capital cities.

Land values appreciated after runs of good harvests and this gave farmers an incentive to sell up and clear their debts. For example, during the droughts of 1895-1903 farms in the Wimmera could be purchased for 4-5 per acre, while land in the Mallee sold for around ten to fifteen shillings per acre. The drought broke in 1903-4 and the harvest proceeds from that season alone pushed many families clear of debt. By 1906 land in the Wimmera and Mallee had risen in value to over £8 per acre. By investing in larger areas of land elsewhere, farmers could use machinery more efficiently, and help set their children up in farms of their own. In 1904, J. Watson sold his farm in the Tatura district, in Victoria’s Goulburn Valley ‘because my five sons desired to possess homes and farms, and the area I owned was too small for subdivision’. Cashed up, Watson visited the Temora district, near Wagga Wagga, where new wheat land was so cheap that he could afford to buy five farms close to each other, where his sons ‘could work in co-operation with horses, implements, and labour’. The market for land worked less smoothly when poor harvests extended over several seasons. Farmers were often forced to go further into debt to make ends meet and were unlikely to find buyers for their land. Before cost-effective methods of applying fertiliser to the land were developed, people farming exhausted land were left with little alternative but to ‘try one more year of wheat-growing’. On Victoria’s northern plains, droughts in the 1880s encouraged farmers to support local irrigation
trusts, which could then borrow from the colonial government to pay for water storages and channels ‘with the expectation of making the land more valuable and selling it out and going away’.47 The returned soldiers and other settlers who took up marginal Mallee land before the Great Depression were not in a financial position to enlarge their holdings or purchase sheep. Many held on to their land in the hope that their fortunes would pick up after good rains.48

The market for land in the Corridor thus tended to operate fitfully, with periods of prosperity alternating with more difficult circumstances, according to prevailing technology, prices, and the impact of drought. Mallee lands, for example, were described as ‘utterly useless country’ by Victoria’s Surveyor-General at the end of the 1880s, but by 1891 the use of low-cost clearing techniques had created ‘an extraordinary demand’ for land that was cheaper than in other farming districts and could be ploughed easily and prepared for early sowing.49 A reporter who toured the Mallee in 1891 predicted that ‘the territory is destined to be, at no very distant period, the greatest grain producing district of the colony’.50 After the drought of 1902, a reporter described wheat growing in the Mallee as ‘almost as risky as gambling’, but after a run of good seasons settlers using superphosphate and ‘dry farming’ – a method of working the land after each fall of rain – again began taking up Mallee land at a rapid rate.51 With the settlement of the Murray Mallee and parts of the Eyre Peninsula before World War I, South Australia ‘was being regarded as a bigger State than … ever previously imagined’.52 ‘The Mallee has been, before all things, the country for the small beginner’, wrote a Weekly Times reporter in 1909. ‘As an investment, no section of Victoria has given a better return on the outlay’.53 By the early 1930s it had become apparent that dry farming was causing damage to the structure of the soil, and droughts and falling world wheat prices had again engendered a sense of pessimism about the Mallee. Only farmers who had accumulated at least a thousand acres and could rotate their crops and keep sheep were able to keep production costs low enough to make a profit.54

When confidence in primary production increased, the demand for land exceeded supply. For example, when the South Australian wheat frontier expanded during the 1870s, settlers moved into lands that had been identified previously as having insufficient or unreliable rainfall for wheat growing. When dry seasons returned in the early 1880s, 600,000 acres of selected land was abandoned.55 The situation recurred when 760 applications were received for an area of 90 blocks west of Ouyen that was made available by Victoria’s Lands Department in 1909. Nine hundred people applied for 91 blocks in the same region in 1910; in 1911, 4,150 applications were lodged for 190 blocks.56 Similarly, when pastoralists borrowed heavily to invest in marginal lands during the 1880s, less productive land was stocked more heavily. In these episodes of optimism, expansion, disappointment, poverty and abandonment throughout the Corridor, a shift of the supply curve for land had brought an over-enthusiastic response on the demand side, with painful adjustments to follow.
WHERE THE WATER RUNS BOTH WAYS

The existence of a great divide between urban and rural Australia seems self-evident. If the geographical concept of a watershed may be used as a metaphor for such a phenomenon, however, there must be a point at which the two sides of the country separate and run to their own river systems. The watershed therefore not only separates the two systems, but it is the point at which they meet, where the water runs both ways. As Ward observes, while the towns of the Corridor were urban places, ‘country towns, even the largest of them, have always been centres of “bush” values where the country-dweller’s hostility to the wicked city finds expression’. Even so, farmers and pastoralists had to arrange the transportation and sale of large surpluses and the hiring of casual labour. They also consumed a wide range of manufactured goods, from farm implements to clothing to food and drink. Rural producers therefore needed to do business in local towns with merchants, storekeepers and the manufacturers of products that were too bulky to import. Soon after their foundation, pastoral towns such as Hamilton and Wagga Wagga were providing government, professional and personal services to areas well beyond their own boundaries. ‘As if bolted to the railway and tied down by roads to the settlers’ blocks’, small towns ‘were suspended between two worlds’. In such towns there was an almost seamless co-existence between urban and rural work.

One of the strongest features of the nineteenth-century Australian economy was the high proportion of the population living in non-metropolitan towns. ‘In travelling over South Australia’, a reporter noted in 1874, ‘one cannot fail to be struck by the abundance of small townships which everywhere prevail’. In 1891, 29 per cent of the Australian population lived in non-metropolitan towns of at least 500 inhabitants. Furthermore, Meinig suggests that on the South Australian wheat frontier towns with as few as 100 inhabitants provided a sufficient range of basic services to be classed as urban. By this criterion, 69 per cent of the population of Victoria, New South Wales, and South Australia was urban in 1891, with 44 per cent of the urban population living outside the capital cities. These figures reflect the simplicity of manufacturing and transport technologies that existed when Australia’s farming frontier began to expand after the 1850s Gold Rush. By contrast, on the Canadian Prairies the proportion of the population of Manitoba, Saskatchewan, and Alberta living in towns with at least 100 inhabitants was only 24 per cent in 1901 and 35 per cent in 1921. The spread of settlement on the Prairies took place as technological changes and transport improvements were weakening the economic advantages of smaller towns and strengthening those of major cities. Compared to their Canadian counterparts, Australian farmers worked their properties within a dense network of small towns, with a much smaller proportion of the non-metropolitan population being engaged in working their own farms.

Small towns contributed to the development of frontier regions in important ways. When towns were founded at river crossing points for travelling stock, such as Gundagai, Seymour and Wangaratta, storekeepers then worked actively to promote agricultural settlement and offered credit to selectors. Income from farms and the farm workers who lived in towns circulated around the local community. Townspeople played a leading
role in encouraging farmers to form and join irrigation trusts and co-operative butter and cheese factories. After the town of Birchip in the Victorian Mallee was surveyed in the late 1880s, four stores, three hotels, a mechanics institute, a church, a police station, a bank, a firm of auctioneers, a saddler, a bootmaker, a butcher, a baker, a boarding house, two blacksmiths, a foundry, an agricultural implement workshop, a brickyard, and a saleyard were built in two years. Such businesses benefited from the direct relationship that existed between the level of farm production and the need for farmers to have regular access to inputs and commercial services. When the number of farms in a particular area increased, there was an immediate boost to business in the nearest town, because farmers had to use urban products regularly and visited towns by horse and cart, travelling over rough roads.

None of the Corridor’s towns were large by metropolitan standards. Only the mining cities of Bendigo and Kalgoorlie-Boulder had more than 20,000 inhabitants in 1901, but these and other medium-sized cities that developed where the main roads and railway routes to the capitals intersected provided a wide range of sophisticated products. None of the towns that served predominantly wheat-sheep farming regions had a population of 10,000 in 1901, but small town firms were protected by distance, as services had to be consumed on the spot and high transport costs restricted competition from producers in other regions. People tended to consume their leisure activities in public places, with entertainment usually being provided by local amateurs. Local social and cultural institutions were diverse and vigorous, and sport offered ‘a weekly tonic against loneliness and isolation’. In terms of amenities, most country towns were little different to the capital cities in the early twentieth century. In the suburbs of Melbourne, Adelaide and Perth there was much open space and people often lived in a semi-rural setting. Towns such as Bendigo and Maryborough, Victoria, boasted high quality parks and sports grounds that were built by local governments or agricultural societies and could be compared favourably to public spaces in the big cities. Standards of water and gas supply, drainage, and street lighting in country towns were comparable to, if not better than, those of the capital cities. Tamworth, for example, had electric street lighting before Sydney did.

Much of the influence over the development and progress of rural areas was exercised by capital city business interests and their representatives in parliament. Railway networks and the colonies’ export and import trade was centred on the capitals and it was legislation and policy that was framed and implemented by colonial parliaments and bureaucrats that determined the conditions under which public lands in rural areas were surveyed and sold. Before World War I, the economy of the capital cities was a simple one that depending largely on provisioning and servicing the rural sector and the needs of the city’s own inhabitants. The demand for unskilled labour was generally high, and the spending of migrants added to the level of aggregate demand. Cheap food from rural areas expanded disposable incomes further. This supported a high level of investment in urban housing. High labour costs limited the development of manufacturing, and the creation of new urban jobs depended on rural expansion and improvements in farm productivity. The connection between the capitals and their rural hinterlands was thus one of mutual dependence. The capital cities became ‘urban’, as people built the first houses,
workshops, docks and warehouses, at the same time that the territory around them became 'rural', as settlers transformed native vegetation into paddocks and pastures. As in North America, “city and country shared a common past, and had fundamentally reshaped each other”.69

After World War I, the construction of grand picture theatres (such as Mildura’s Astor), sewerage works and other symbols of modernity and progress seemed to offer tangible evidence of the prosperity of rural Australia. In fact, these country town amenities painted a deceptive picture. By the 1920s, technological and global forces were at work that would weaken the traditional link between farm output and economic activity in local communities. After their youthful growth spurts, most country towns settled into periods of much slower growth, and at times decline. Throughout the Corridor, people welcomed new railways, cars and trucks, improved roads and more sophisticated farm equipment because these technologies made bush life easier and less isolated. These technologies also undermined businesses in nearby small towns and their communities as rural consumers now had more choice as to where they could shop, obtain health care and other services, and spend their leisure time. The same technologies were to the advantage of capital cities and coastal industrial centres, by enabling them to build new factories and worker housing on cheap peripheral land. Tariff protection and increases in the rate of immigration from overseas also favoured the capitals. Manufacturing in small country towns, which had prospered when technologies were simple and transport costs were high, now found it difficult to compete with metropolitan firms that could achieve economies of scale. The stagnation or decline of town populations impacted on the quality of public spaces and facilities such as libraries.70 On the farms themselves, houses in the early 1940s were generally poorly equipped in terms of kitchen facilities, hot water services and telephones.71 For many farming families, a gap had opened up between the amenities that were available to them, and those that were generally in use in the cities. In 1950, 95 per cent of households in Melbourne had mains electricity, compared to just over half in the Mallee and Wimmera.72

In his book *Australia*, published in 1930, Keith Hancock wrote that the wool industry remained “the cornerstone of Australia’s economic and social edifice”.73 By that time, however, further increases in the wealth the nation derived from wool depended on favourable seasonal and market conditions and technological improvements, rather than investment in bringing land into production, as had been the case in the past. Virtually all land that was suitable for farming was now occupied. Prices and costs squeezed farmers, and dust storms attested to the long-term environmental damage that had been brought about by intensive working of low-quality soil. In 1933, the number of rural workers in Australia peaked at 545,000. This was a substantial increase over the 389,000 rural workers recorded in 1901, but a significant decline in the share of the total workforce.74 As a set of ideas that guided economic development, state socialism had been replaced in the generation after Federation by what Kelly has called ‘the Australian Settlement’.75 Under the principal leadership of Alfred Deakin, bi-partisan support consolidated White Australia, Protection of industry, Wage Arbitration, State Paternalism (an extension of state socialism to include state intervention to protect individual living standards), and the strengthening of bonds with Britain, into a characteristically Australian set of laws and
institutions. Some of this government activity was to the advantage of rural producers. The Commonwealth Scientific and Industrial Research Organisation (CSIRO), established in 1920, conducted research into primary industry problems, such as the spread of prickly pear. In return for supporting the consolidation of Protection in the 1920s, the Country Party was compensated with the establishment of a series of marketing bodies, subsidies and price support schemes that helped stabilise rural incomes during the Depression. In the long-term, however, Protection boosted the incomes of those in protected manufacturing industries and reduced the incomes of exporters. Most protected industries grew in clusters, on cheap land at the edge of capital cities. The tariff thus redistributed incomes from small towns to the large cities.76

Wool and wheat prices boomed in the 1950s, and country towns enjoyed a period of prosperity and growth. Some towns attracted industries that were seeking cheap land. After Bruck Mills opened a new factory at Wangaratta in 1947 around a thousand new jobs were created, and the city’s population rose from 5,700 in 1945 to 13,800 in 1961.77 Country people who remembered the droughts and economic depression of the 1930s and 1940s now saw science and technology, embodied in agricultural research, the car, electricity and the telephone as key contributors to a ‘golden age’ in which rural Australia had matured and its way of life stabilised.78

This prosperity was the ‘full flowering’ of over a century of effort to bring the Corridor into productive use and create a landscape of closely settled farming communities.79 The land had been taken up and utilised using simple technology. Investment in improving the land, by clearing and fencing it, and by building dams on it, was heavily labour-intensive. Shearing, mining, ploughing and harvesting called for hard physical work. Towns were built close to areas of primary production when transport and manufacturing technology was primitive and local producers were protected by distance. As this economy matured, the demand for rural labour, the links between rural output and local employment, and the protection offered to small towns all declined. Although the number of rural workers and farms remained quite stable until the 1970s, the subsequent period of inflation and the increasing deregulation of the Australian economy encouraged an increase in average farm size. Most Australian farms today are around 500 hectares (1,236 acres) in size, with many of them standing on land that was originally made available to selectors in units of 129 hectares (320 acres). The number of farms has declined by around one-quarter since the early 1980s.80 In 1954, 468,000 Australians worked in rural occupations. The figure fell to 383,000 by 1971, and in 2005 stands at 375,000.81 As the Australian economy created new jobs in services, a growing proportion of this which were located in Sydney, Melbourne and Brisbane, nearly all country communities battled to keep their young people. In the Western Australian wheat belt, the population of Perenjori, Nungarin, Westonia, Koorda and Mount Marshall shires fell by 43 per cent between 1976 and 2000; in Victoria, the population of Buloke, West Wimmera and Yarriambiack shires fell by 30 per cent. Most of this population decrease was the result of out-migration of people in the 0-24 and 55 and over age groups.82
CONCLUSION

Many of the titles chosen by the historians and other scholars who have written about rural Australia in the twentieth century – *A Fine Country to Starve In; Battling the Land; Land of Discontent; Rurality Bites; Struggle Country*; and *The Limits of Hope* – present an image of a Corridor that has been the setting for black and white Australians struggling to cope with changing circumstances and enduring misfortune in the process. The reality is rather more complex. As land use in the Corridor has evolved over the past two centuries, changes have taken place which have enriched some and left others heartbroken. Given that land that was of lower productivity was taken up as settlement moved inland, and given that small towns were built to serve catchments that were based on how far people could travel by horse and cart each day, it was inevitable that many farming communities would experience a reduction in size over time. While parts of the Corridor have experienced economic and demographic decline, the trend is far from universal, and the exceptions are instructive.

Darwin, located at the top of Arnhem Land where the Inland Corridor drains into Beagle Gulf, is currently the fastest growing Australian capital city. Between 1981 and 1991 the city’s population grew at an average of four per cent per annum, mainly due to immigration which followed the rebuilding after Cyclone Tracy and the granting of self-government to the Northern Territory. In the 1990s the number of jobs in Darwin continued to increase at a rate faster than population growth, and in 2000 Darwin’s rate of unemployment, 3.7 per cent, was the lowest of any of Australia’s major towns. With a population of 107,000 in 2001, Darwin is now the largest city of the Inland Corridor. Albury-Wodonga (98,000) and Bendigo (80,000) are the only other towns of the region with populations that rank in the Australian top twenty.

In many ways, Darwin is an aberration amongst Corridor towns. It is the Corridor’s only capital city. It is one of the few Corridor towns that is a seaport. It is the only Corridor town that does not depend primarily on the resources of its hinterland for its wealth. It is the only Corridor town that is not part of an administrative and transport network that draws commerce and trade to a coastal metropolis. Typically, the Corridor towns that grew in the twentieth century did so by creating jobs in industries with strong links to their rural hinterlands, while also looking to Melbourne and Sydney for a wide range of products and access to larger markets. At Mildura, for example, the Astor Theatre, once a derelict shell that served as a hotel car park, has been refurbished as a boutique brewery and nightclub and serves as a symbol of local confidence and prosperity. In Mildura and other ‘sponge cities’ a dynamic and prosperous local economy is located in the midst of declining surrounding communities. The ‘Top End’, by contrast, is not a rich region and Darwin’s future lies in its links with East Timor and the possible joint development of oil and gas fields in the Timor Sea, and the potential that the new port facilities at East Arm, which have direct access to the Adelaide-Darwin railway, have to create a gateway to trade with the rest of Asia. Because Darwin looks to the sea, rather than to the land, its recent experience is more typical of Australia’s coastal cities than that of the Inland Corridor.
ENDNOTES

1 Andrew Barton Paterson, Rio Grande’s Last Race and Other Verses (Melbourne: Angus & Robertson, 1902).
16 Hirst, Adelaide and the Country, p. 61.
17 Pastoralists and investors from Van Diemen’s Land (Tasmania) established settlements at Portland in 1834 and Melbourne in 1835. The Port Phillip District became a separate colony, named Victoria, in 1851.
18 Henry Reynolds, The Other Side of the Frontier: Aboriginal Resistance to the European Invasion of Australia (Ringwood: Penguin, 1981), p. 20. Reynolds estimates that as many as 20,000 Aborigines were killed in frontier violence before federation.
44 *Leader* (Melbourne), 16, 30 January 1904, 12 May 1906.
45 *Age*, 3 June 1904.
46 *Weekly Times*, 21 April 1888.
50 *Leader* (Melbourne), 9 May 1891.
51 *Weekly Times*, 30 July 1904.
52 Quoted by Williams, *The Making of the South Australian Landscape*, p. 54.
56 *Argus*, 4 March 1909, 13 June 1911; *Leader* (Melbourne), 15 October 1910.
60 Quoted by Meinig, *On the Margins of the Good Earth*, p. 166.
64 *Census of Canada*, 1921.
66 Report from the Select Committee on the Settlement of the Mallee Country, Qs. 508, 808.
79 McCann, ‘History and Memory in Australia’s Wheatlands’, p. 03.5.
84 Salt, *The Big Shift*, p. 150.