

The check to expansion was aggravated by a drought which held the colony in its grip for nearly two years after the summer of 1827, and this necessitated the importation of large quantities of grain from Van Diemen's Land,¹ thus intensifying the depression in the later stages. But the speculative abandon continued unchecked for some time, during which the community was financing itself on bills. 'At length, however, the evil day arrived: the bills which had been circulated in the speculation of purchases in stock fell due and had to be paid. Buyers and sellers, when they came to press each other, found how delusive had been their speculations. Credit was shaken, confidence was lost, and a panic ensued.'²

As events proved, however, this boom and crisis was but the prelude to a far more serious and extensive disaster ten years later; a disaster, furthermore, which was marked by exactly the same features of capital importation, credit expansion, land speculation, and neglect of industry. The granting of self-government to New South Wales had the double effect of directing the attention of British capitalists to Australia and of stimulating speculation in that country. This was the moment chosen by the Imperial Government to raise the minimum price of land, and there can be no doubt that this action helped greatly to strengthen the confidence in the young colony. The apparently unlimited extent of the land offered for sale at such a seemingly low price was the morsel that proved too tempting for British investors. It is recorded that 'the land-office on a sale day resembled some of the London "bubbles" of last century'. To cope with the boom finance two banking companies were established with a total capital of 1½ millions sterling, and through these institutions large sums were invested in Australian mortgages by British investors.

Nor were the settlers themselves at all behind in the business of land speculation. It is difficult at this distance to appreciate the ardent faith of the colonists and investors in the future of the colony, isolated and undeveloped as it was then. Only the eager overseas competition for Australian agricultural and

¹ These imports indicate the position Tasmania then held as 'the granary of Australia'. Exports from the island to N.S.W. totalled £54,838 in 1828 and £42,640 in 1829.

² Braim, *op. cit.*