

pastoral land will account for the extent to which people living on the spot were caught up in the whirlwind of speculation in land.<sup>1</sup> Probably the best instances of this speculative fever come from the records of Van Diemen's Land, where Fenton mentions loans made on the security of land at the rate of 35 per cent. per annum!<sup>2</sup> The newly commenced system of immigration, by rendering an adequate supply of labour for development an apparent certainty, helped in no small measure to sustain confidence and to maintain the boom prices for land.

The crescendo of speculation was materially aided by the government policy of placing Treasury balances at interest in the banks, where they became available for the purpose of discounts and loans for land purchases. The first check came in 1838, although there had been a revenue deficit of £48,000 in the previous year. Weather conditions were most unpromising in all the colonies, and a further cause for uneasiness was the discontinuance of the assignment system of convict labour. At this juncture instructions arrived from the Home Government to increase the price of land from five to twelve shillings per acre, with the avowed object of forcing on the development of land already alienated. The chief effect, however, was to divert speculation from rural areas to town allotments; but, in a final burst, since the order was not interpreted to apply to the land already advertised for sale, a frenzied rush was made by speculators to secure 300,000 acres at the former price. Nevertheless, the revenue from land sales rose steadily till 1839,<sup>3</sup>

<sup>1</sup> Population and estimated value of land at Port Phillip:

Year.	Population.	Buildings.	Land.	Total.
		£	£	£
1837	250	1,800	3,517	5,317
1838	1,800	60,000	17,416	77,416
1839	3,000	112,000	169,542	281,542
1840	5,538	230,750	372,600	603,350

<sup>2</sup> *History of Tasmania*. In 1836 the total paid-up capital of the six banks operating in Van Diemen's Land was only £200,000; but a considerable amount of capital was transferred to the mainland between 1837 and 1840 for investment in the purchase of town blocks at Sydney and Port Phillip.

<sup>3</sup> The Crown revenue at Port Phillip, mostly from land sales, rose in the following amazing fashion: 1837, £6,070; 1838, £39,439; 1839, £74,002; 1840, £255,422; 1841 £144,936; 1842, £87,059; 1843, £73,590.