Historical discussion of Australia’s relationship with Britain has generally concentrated on asking who won out. Was Australia, as Humphrey McQueen and others have argued, a ‘willing, often over-anxious partner’ in the British imperial endeavour, or was it a victim of British exploitation, as radical-nationalist writers have long maintained? Clearly the answers to these questions depend on the questioner’s own set of values. There is plenty of evidence to support either case. But we also have to query whether the question is worth asking in the first place.

If you believe that ‘progress’ and ‘development’ are by definition good things, then it is hard to avoid the conclusion that Australia did quite nicely out of the relationship for much of the nineteenth century. In the 1830s, when the wool industry began to take off, during the gold rushes of the 1850s and again in the Long Boom of 1861–91, trading and financial ties with Britain spurred rapid growth in Australia. This in turn, economic historians tell us, produced labour shortages that allowed Australian workers to bargain successfully for higher wages. At the same time, the white population as a whole was sharing in the fruits of the Aborigines’ expropriation. Cheap and plentiful land meant cheap and plentiful food and fuel. Colonial workers’ living standards were substantially higher than those of the working class in Britain and Europe.

But Britain also gained a lot from the relationship, especially after the middle of the nineteenth century. The Australian colo-
cies' main role in the imperial economy was to supply raw materials, at enormous advantage to Britain. The year 1846 saw the repeal of the British Corn Laws, which had restricted grain imports and kept food prices high. This signalled the beginning of a new phase for British capitalism: the emergence of an 'imperialism of free trade'. For three centuries or more, European expansion had been based on establishing direct political control of conquered territories as a first step towards bringing them within the orbit of the metropolitan economies. Now, however, there was to be a greater separation between political and economic domination. Trade, rather than political control, was to be a subtle and pervasive instrument of imperial power.

The imperialism of free trade was based on a rigid division of labour between the imperial centre and the colonial periphery. The colonies, where land was cheap and plentiful, were to supply Britain with primary produce. This would then take the pressure off British agriculture and allow capital and labour to concentrate in manufacturing industries, where Britain had a lead over the rest of the world. The price of food and other necessities would be reduced, and British industry would also gain a greater supply of raw materials for industry.

So, in Australia's case, practically all of the wool clip was exported to Britain unprocessed – indeed, from the 1870s most of it wasn't even washed, but merely baled up and sent off 'in the grease'. The volume and value of the colonial wool clip increased rapidly. In 1861, the colonies exported £3.7 million worth of wool; by 1877 this had grown to £15 million, a staggering fifty-nine per cent of total colonial export earnings. The British textile industry benefited greatly from the huge increase in wool supplies, both from Australia and from other areas of recent white settlement such as Argentina. British textile manufacturers were able to expand their operations and tap new markets at home and abroad.

With the gold rushes the colonies were not the only ones to gain. Between them, the Californian and Australian gold rushes doubled the world supply of gold between the late 1840s and the late 1850s. As Philip McMichael points out in his book, Settlers and the Agrarian Question, this overcame a long-standing problem of currency shortages and made it possible for international trade to expand rapidly under British leadership.

Later, when the colonies began to establish their railway systems, there were further benefits to British industry. Much of the railway equipment was imported from Britain. Indeed, imports of
capital goods (goods that were used in production rather than being consumed once and for all on arrival) were a large expense for all the colonies. E. A. Boehm has noted that between 1881 and 1891, in the closing stages of the Long Boom, the colonies were using about half of the money they borrowed from Britain to buy capital equipment, most of it also from Britain. A quarter of all investment went into importing capital goods.

This brings us to the question of British lending, which has long been a bogey of the Australian nationalist left. The wheels of free-trade imperialism were kept moving by a judicious use of credit. Thus, in Australia’s case, British and local financiers initially lent money to wool-growers to tide them over the gap between the ‘clip and the cheque’ – between the time the wool was sent off and the time the proceeds of the sale arrived from London. One important effect of this lending during the second part of the century was to keep the wool trade for the whole of Europe centred around the London sales, countering the tendency for European buyers to purchase wool directly at the local sales in the colonies.

Interest rates in the colonies were higher than in London. This was not surprising, as the colonies were growing fast and had been short of funds from the beginning. When the First Fleet arrived, one thing was lacking in its equipment: money. The British government had not envisaged that the settlement would need a currency. After all, who would need money in a jail? The official aim was to set up a self-sufficient subsistence economy in which trade would be based on barter.

It became obvious almost immediately that this vision was impracticable. There were contractors and wage-workers to be paid. Supplies had to be purchased outside Australia. And both the colonial state and private citizens found barter cumbersome. In the absence of a standard currency, a multitude of unofficial forms of ‘money’ developed. Debts were recorded on scraps of paper; receipts from the government store circulated as currency; wheat, flour, meat and rum were used to pay wages. The opportunities for cheating were enormous. Forgers had a field day. Ships arriving from overseas were able to make huge profits on the sale of imported commodities such as rum and tobacco. Employers could manipulate the barter system to reduce the amount they paid their hands. In 1793, Collins recorded that maize, labourers’ most common food, was valued at seven shillings per bushel if it was sold for cash, but at twelve shillings and sixpence per bushel in payment for labour; other barter items were
subject to a similar double standard. It was only in the 1820s that a uniform currency, tied to sterling, was established on government initiative, and even then promissory notes continued to be used as currency in some parts of the countryside beyond the end of the nineteenth century.

None of the unofficial currencies was any use for foreign trade. Here, the officers of the New South Wales Corps had a privileged position from the early years, as they were paid in notes which could be converted to British sterling; though they were supposed to pay the ordinary troops out of these paymasters’ bills, in practice they were able to make their subordinates take their wages in one of the local currencies or in goods. The officers were thus able to monopolize an important source of foreign exchange. This helped underpin their growing power as land-owners and employers, a power that was greatly enhanced as the wool trade expanded and with it their ability to get hold of sterling, both as export earnings and loan capital.

The 1830s saw the first of several phases of British lending to the colonial wool trade. Characteristically, this was followed by a retreat in the 1840s. The abolition of convict transportation deprived the wool-growers of their principal source of labour, wool prices fell and investment collapsed. In the course of the nineteenth century, this scenario was to become all too familiar: rapid growth could not be financed from local savings, and imported capital was brought in to bridge the gap. This kept up the pressure for export industries to expand so there would be enough foreign exchange to repay the loans.

In the short-term the high colonial interest rates made these dealings attractive both to British lenders, who received higher returns than they could at home, and to colonial capitalists, who were able to get finance far more cheaply than they could in Australia. But much of the investment that was supported in this way was essentially, as Andrew Wells and Alastair Davidson have argued in an earlier chapter, investment in the ownership of productive resources rather than in expanding production. It therefore had a distinctly speculative quality. The returns from wool-growing were dependent on the vagaries of markets and the weather. As a result, there were recurrent crises, sometimes arising in the first place from falls in wool prices, sometimes from bad seasons, but invariably made worse by the flight of speculative capital.

Several such slumps occurred during the second half of the nineteenth century. The most severe was that of the 1890s. The
background to this crisis was essentially similar to that of earlier depressions, but its scale was far larger. During the 1870s and 1880s, British lending to Australia had reached unprecedented heights. Britain’s industrial leadership was beginning to weaken, as was its hegemony over world trade, and the other European powers were joining in the rush to colonize Africa, Asia and the Pacific. Britain was turning towards more intensive exploitation of the colonies it already had, rather than extending its empire. As part of this process, Australia became a very important destination for British finance. The colonies accounted for almost a quarter of all Britain’s overseas lending between 1882 and 1890.

Much of this capital came in through directly British-owned companies. Many of the banks operating in Australia were based in Britain, and there were also a lot of specialized investment companies, such as the Australian Agricultural Company, the Scottish Australian Investment Company and the Australian Mortgage Land and Finance Company, all of which channelled British funds into the pastoral industry. In the late 1870s and throughout the 1880s, however, a new pattern emerged: Locally owned banks, pastoral firms and land investment companies began to raise funds in Britain. Sometimes this was only a matter of taking short-term deposits in London, borrowing cheaply and lending dearly in the colonies. But in other cases colonial firms took the further step of incorporating themselves in Britain. Usually the original owners stayed on as local shareholders, but to gain acceptance on the London market it was necessary to give a British board of directors over-riding powers. In their structure, then, these joint ventures between colonial capitalists and the big-wigs of the London Stock Exchange were far from being equal partnerships. Nevertheless, for many years the British boards did not make much use of the powers they had in reserve. While the dividends continued to flow in, they were content to sit back and pocket the money, leaving their allies and agents in the colonies to do the leg-work.

From the 1860s until the late 1880s, British loans were mainly directed either towards the colonial governments, which used them to finance the building of railways and other basic facilities, or towards the development of the wool industry. As the earlier chapter on land has already pointed out, their primary targets were the sectors of the colonial economy that complemented rather than competed with British industry.

In some ways, the flood of funds coming into the colonies from Britain actually made it more difficult for local manufacturing to
become established. The export industries favoured by Britain were able to bid up the price of labour and locally supplied materials, leaving local manufacturers to cope with the problems of a high cost structure that made them extremely vulnerable to competition from imports. And at the same time, as Peter Cochrane argues in *Industrialization and Dependence*, the fact that there was plenty of borrowed money around to pay for imports meant that there was less incentive for the colonies to develop import-replacement industries.

There were some attempts to widen the colonies' industrial base. In Victoria especially, and to a lesser extent in the other colonies, a coalition of local manufacturers and workers' organizations put governments under strong political pressure to create jobs by encouraging the growth of local manufacturing. This they did partly by imposing tariffs on imported goods (including goods imported from other colonies) and partly by placing government contracts with local manufacturing firms. Thus in Victoria, several large engineering establishments were awarded contracts to supply rails and rolling stock for the railways, and in most colonies the local clothing industry was given a boost by contracts for the supply of uniforms to the railways and defence forces.

There were also sections of manufacturing that were relatively immune from import competition. Gas supply and brewing were two such industries; both had developed on quite a large scale by the end of the century. The manufacture of building materials was another growth area. While many building materials continued to be imported – glass, roofing iron, paints, slates, nails and screws, even timber – there was a rapid growth of employment in local brickyards and timber mills, especially in the 1880s. Nevertheless, most manufacturing remained fairly primitive. Small workshops were the rule: even in Victoria, where manufacturing was most highly developed, the average manufacturing firm in 1891 employed just under eighteen people. Though manufacturing employed seventeen per cent of the work-force, it only accounted for 10.5 per cent of the colonies' gross production. And while the growth of manufacturing had succeeded in whittling away some of the colonies' import bills, the cost of imports was still staggeringly high. Between 1886 and 1890, the total value of the manufactured goods produced in the colonies was only just over two-thirds of the amount spent on imports.

None of this mattered while wool prices and profits were high and British lenders remained enthusiastic. For most of the period from 1860 to 1890, the colonies were able to live well on the
sheep’s back. New borrowings and export earnings covered the rising interest bill on overseas loans. But there were many signs of trouble ahead. The colonies’ balance of overseas payments was consistently in the red. Between 1884 and 1890, the deficit was never less than £15 million annually. In the mid 1880s wool prices began to falter, and in the early 1890s they fell very sharply. With their narrow industrial base, the colonies could not turn to other industries to make up the shortfall. At the same time, the colonial governments began to have difficulty raising new loans. In 1891, all four eastern mainland colonies encountered knock-backs in London. The banks and private companies also started to lose British deposits. From that time onwards, the colonies were forced to face up to the task of repaying the money borrowed in the previous decades. This was a heavy burden. Public and private spending was cut back sharply; unemployment rose, and the colonies went into a long depression.

It was not only in making the colonies vulnerable to such crises that the imperial connection had ill-effects. If we look more closely at the ways in which the economy was shaped by its British ties during the period of growth, and at what that growth implied, it becomes clear that the problems were more deeply rooted. The following sections will look in turn at the pastoral industry, mining, the railways and urban development. Because of their overseas connections, these were the leading sectors over the nineteenth century as a whole. The way these sectors developed was therefore important for the whole complexion of life in the Australian colonies.

The pastoral industry acted as the spearhead of British imperial expansion in Australia. Pastoral investors quickly took on the task of exploring and staking-out claims to the interior. It was the squatters and their stock, far more than the colonial or imperial governments, who ousted the Aborigines from the interior. As Henry Reynolds’ chapter has already described, the invasion of Aboriginal lands by cattle, sheep and horses even ran ahead of the white settlers’ arrival in the interior. Water supplies were fouled, the river frontages made barren by the trampling of hooves, the smaller native animals exterminated. The degradation of the environment became more widespread when, thanks to generous loans, pastoralism spread into the naturally waterless ‘back’ country between the inland rivers; tanks, dams and, later, artesian bores opened this country up for grazing. By 1891 practically all
the potential pastoral land had been taken up, leaving the Aborigines few refuges in the eastern colonies.

Artesian bores in the Bourke district, western New South Wales, 1891.

Meanwhile, the pastoralists themselves were finding it increasingly difficult to repay the large sums they had borrowed. In many cases, they had simply invested too much; there had been a lot of speculation in pastoral land, and the price had been bid up beyond the level at which the runs could pay. The arrival of hordes of rabbits in the pastoral country made matters worse. The pastoralists tried to increase production by running as many sheep as they possibly could. But this strategy could only be taken so far. By the early 1890s, it was clear that the international market for wool was over-supplied; the price falls of those years suggested that a considerable part of the pastoral expansion in the 1880s had been self-defeating. At the same time, there was overstocking on a massive scale. This was only reversed by the disastrous droughts between 1895 and 1902, which wiped out more than half the sheep in the eastern colonies.

The Aborigines were not the only people who lost out of this. Ultimately, the losses were borne by all sides – not only through the degradation of the environment, but also through the loss of
Aboriginal knowledge about ways of using the land less destructively. Even the squatters themselves eventually paid a heavy price for their over-optimism: in trying to extend their control over nature, they had actually exposed themselves to its caprices to a far greater extent than they had realized. During the 1890s there were widespread foreclosures by the banks and pastoral finance companies, and within the financial institutions themselves British boards began to assert their power. What was left of the outback pastoral industry increasingly came under direct British control.

How did pastoral dominance shape white society during the boom? Certainly it influenced the pattern of settlement. Even as late as 1891, only a fraction of the arable land in New South Wales was under crops. The extraordinary profitability of wool-growing brought a greater concentration of land ownership. Only the wealthy could afford to buy into the vast pastoral stations in the interior, or even to buy enough sheep to stock such a holding. In New South Wales, especially, the establishment of small farms was blocked by the power of the big pastoral landholders, who could safeguard their control over the land by using their profits from the British wool market and their borrowed British funds to buy key sections of their estates outright.

The inequitable distribution of wealth was not the only problem. As pastoralism took over the outback, it established a peculiar social order in the colonies as a whole. Pastoral work was ‘men’s work’; the squatters had little use for women except as domestic servants. Accordingly, they preferred to employ men without ‘encumbrances’, as they called families. In any event, the isolation of the pastoral stations and the lack of essential services such as schooling and medical care made it hard to bring children up there. Even the squatters themselves preferred not to live on their outback stations; they generally put managers on the properties and lived with their families closer to the coast, often in the capital cities. The pastoral frontier was a men’s frontier. In 1891 there were whole counties in western New South Wales and Queensland populated entirely by men, many of them living in tents.

This had effects throughout colonial society. It was widely known that the outback was an easy refuge for men who had fallen foul of the law, or wished to evade their responsibilities to their families. Getting a job on a pastoral station was simply a matter of turning up at the gate and giving whatever name you chose. No identification was required, and men were generally known by aliases and nick-names. In the early days, when police
patrols went up the Darling River to mount a show of force against the Aborigines, they scared the white inhabitants at least as much as the black; the men who worked along the river took to the bush in a great hurry for fear their past might catch up with them.

The single men’s quarters of the Kauri Timber Company, Western Australia, in the 1890s.

Desertion was the poor man’s divorce, and court maintenance orders from one colony could not be enforced in another. So ‘doing a flit’ on one’s family was a common practice. In many cases, those who were deserted would not even suspect what had happened for some time. Temporary separations were a way of life for casual workers’ families, partly because of the seasonal rise and fall of labour demand. The pastoral industry employed a large number of seasonal workers who went outback for the shearing, then worked their way in towards the coast from July until about November. This seasonal rhythm was echoed through the whole economy, from the outback stations through the country towns (where even prostitution was seasonal work) to the ports. The colonial working man, especially the ordinary labourer, simply had to be mobile. In 1891 the census in New South
Wales recorded that fifteen per cent of married couples spent the census night apart, and that wasn’t even during the shearing season.

The social order that evolved under pastoral dominance had its seedy side. It was one where a lot of work was casual or seasonal, physically gruelling and unskilled; where it was extremely difficult to establish a stable family life; where there were few opportunities for people of small means to set themselves up on the land. It was a society with a large mass of town- and city-dwellers – including most of the women and children – and a minority of men ranging around the outback taking whatever work they could find. Though historians such as Russel Ward have romanticized the masculine society of the bush, there was precious little romance for those who actually endured it or for the families they left behind.

Mining created similar problems. It, too, was men’s work. Although in the very early days women were occasionally to be found helping in the mines, still more were left to fend for themselves while the men rushed off to contend with mud, filth, cold and disease in the primitive mining settlements. Even the mining towns that developed a more stable population were chronically short of employment opportunities for women. In the main Victorian mining centres, local capitalists actually set up woollen mills partly to provide more opportunities for women and juveniles to work. And when a rush was on – whether it was to Ballarat, to Broken Hill, or to the Palmer River in far north Queensland – women were left ‘grass widows’ all over the colonies.

The work that men did in the mines was also notoriously dangerous. Dust was a perennial problem, whether it be coal-dust, the lead of Broken Hill or the peculiarly lethal powder of sharp silica fragments that got into gold miners’ lungs. The early mines were dug in haste, shafts sunk any old how; cave-ins and falls were frequent. Miners and their wives would live with the certain knowledge that a man’s working days were numbered, his life expectancy short.

The way the mines were developed was often inefficient. In the early stages of a rush, the ore would be taken out in a wasteful manner, only the best being extracted and the rest left behind. Often the sudden expansion of production would flood the market and send prices down. To give an example, at Broken Hill the prime ores were ripped out in the first few years of the field’s life
and shipped off to Britain, where they were sold cheaply on a market that simply could not absorb such a massive supply of silver.

Mining also helped to oust the Aborigines, especially on the Western Australian fields, which were developed during the 1890s in the middle of a desert whose Aboriginal population was still living in a traditional fashion. And the mines had some terrible environmental effects. Much of the red cedar in the coastal forests was cut down to be used for ‘cradles’ on the goldfields. Even worse were the effects of using wood as fuel for smelters. There was not a decent stick of timber left within a hundred-mile radius of Broken Hill by the turn of the century; at Cobar in the dry central west of New South Wales, 850,000 tons of timber had been poured into the ravenous mouth of the smelter by 1887. And the devastation of the forests around the Mount Lyell field in north-western Tasmania was clearly visible by 1899, only a few years after the mine had been opened. While mining was crucially important to the colonies’ prosperity, and often helped to pull them out of depressions, it must be asked whether digging up non-renewable resources and shipping them overseas in such a hurry was necessarily in the long-term interests of the settler population, let alone of the land’s Aboriginal inhabitants.

The scars of mining and smelting in Queenstown, Tasmania, about 1899.
What, then, of the railways? These were the colonial governments' showpieces, their biggest contributions to economic growth. Garry Wotherspoon’s chapter on transport in the next volume will talk about the railways in detail, so I will only discuss them briefly here. Again, as in the case of the pastoral and mining industries, the railways mainly employed men (though some women, usually the wives of railway labourers, did earn a few shillings a week for opening and closing gates). Much of the railway construction work was heavy and unskilled, and workers were required to move along the line as it was constructed, living in one crude camp after another. After they were built the railways did provide far more secure employment than many other industries but they also had a reservoir of casual workers who were taken on for the wool and wheat season, then sacked in large numbers as soon as the traffic fell off.

The pattern of railway development was similar to that in the pastoral industry in one respect: the massive amounts of British money brought in to finance the railways in the 1870s and 1880s were not spent to particularly good effect. To begin with, there was no co-ordination among the colonies. Victoria, New South Wales and South Australia all spent inordinately larger sums competing with each other for the wool trade of the Darling basin. Not only did they build several new railway lines, but they offered discounts on goods traffic that made the new lines practically profitless. This was a competition from which the British could only profit. They received interest on the loans and cheaper, faster transport to bring the wool to London. In the process, the colonial governments saddled themselves with huge debts; and when the outback pastoral industry declined, the revenues from the outback railway lines did so too.

The pattern of railway development was shaped by complex political pressures. A railway might be put through one town rather than another because some member of the government owed the local M.P. a favour, or because the locals had kicked up such a fuss that the government would risk losing the seat if it didn’t give in. Perhaps the most blatant corruption, however, was in the siting of suburban railways, where the numerous M.P.s with a taste for land speculation were able to make a killing.

This brings us to the final area of British lending: the develop-
ment of the cities. Here, at last, one might think, is a field in which British loans could have been used to improve the conditions of ordinary Australian working people, especially in providing housing. The building industry employed large numbers of skilled tradesmen – stonemasons, bricklayers, carpenters, slaters and tilers, plasterers and painters. They were all men, of course. But adequate housing was important to the well-being of the whole family, so putting money towards improving it could only be of general benefit.

It all depends how the money is put in. For most of the nineteenth century, housing was financed from local sources. Even the banks were only marginally involved, and much of the lending was done by building societies. These societies mainly lent to individuals to enable them to build modest dwellings for their own use. There was always a speculative element, and each of the capital cities had its building booms and busts. But none could compare with the boom and bust that resulted from the sudden influx of British capital into urban land-investment companies in the latter 1880s, especially in Melbourne.

The institutions that began to tap British funds for urban development in the mid 1880s were land-investment companies, many of which called themselves ‘banks’. They had a number of roles. They were controlled by extremely well-connected, prominent colonists, including a bevy of parliamentarians. They often earned their money by dealing in land. Their directors had usually bought up large areas of land on the fringes of the cities, which they subdivided and sold. Many of them were also involved in buying and selling properties in the central business districts. While the market was rising, this could be a lucrative trade. British lenders were attracted by the promise of good returns on apparently solid ‘bricks and mortar’ investments. Between 1887 and 1890 urban land companies brought in some £8 million from Britain; it is hard to translate that into 1980s values, but at the start of that period it cost about £300 to build a five-room weatherboard house, or £400 for one of brick.

What was the result? There was certainly a boom in house construction. So much so that the price of labour and materials was forced up sharply, especially for brick houses. On N.G. Butlin’s estimates, the building cost of a brick house in Victoria went up from £83 per room in 1886 to £92 in 1890. Rents also rose, especially in ‘Marvellous’ Melbourne, where people flooded in from other colonies and from overseas to seek work or profit, putting heavy pressure on the rental market. Melbourne’s population
increased by over 173,000 in these five years.

The increases in building costs and rent were trivial compared with the inflation of land prices, both in the central business districts and the suburbs. There was an orgy of land speculation. Speculative builders and would-be home-owners were able to borrow freely from the land companies to buy into the new housing estates. Parcels of land were bought and re-sold in Melbourne at an amazing pace in 1887 and 1888. Then, in the latter part of 1888, the land market began to weaken. Too many people had tried to cash in at the same time; it was becoming clear that Melbourne had enough new subdivisions to keep it going for several decades. But this did not stop the inflow of British funds. Not only did building societies and land companies continue to pour large sums into urban investment long after the market had fallen, but the major banks also became involved in trying to prop-up some of the smaller financial institutions. And new houses continued to be built, despite there being no one to buy them.

The inevitable crunch began in 1891. Four real estate 'banks' and a number of building societies closed down. British investors were also losing confidence, and began to move away from Australian investments. During 1891 and 1892, as one real estate company after another crashed, an endless catalogue of frauds came to light. For instance, one prominent land 'bank' that had been advertising itself as having £100,000 in shareholders' funds paid up turned out to have only £37 10s. paid up in cash; the rest had been 'raised' by crediting the company with funds from other firms with which its directors were associated. Many company directors, among them several former cabinet ministers (including a former treasurer of New South Wales) ended up in court. This did nothing to improve confidence in the financial institutions. Few, however, were convicted. The main burden of their excesses fell upon their victims – the innumerable people of small means who had been beguiled into buying homes on easy credit at high prices only to find themselves unable to keep up the payments when the depression hit and the job market slumped.

There followed several years of deepening crisis. A flight of British capital, a major wave of bank crashes in May 1893 and a collapse of investment in all the sectors that had led the Long Boom forced a long-overdue reassessment of the colonies' economic priorities. The recovery, when it came, was slow and partial. As usual, mining played a large role: the goldfields of Western Australia came into production in the 1890s. But other-
wise the sectors that led the colonies out of the depression were precisely those that British investors had avoided during the boom — manufacturing, grain and fruit-growing and dairying. The recovery was retarded by the persistent problems of all the sectors that had imported British capital during the boom and by the lack of funds to support developments in the newer industries.

The British capital exports of the boom years left a heavy burden of private and public debt, and one that could not be paid off easily. When one considers the obvious legacies of British lending, it is not surprising that radical nationalists in the 1890s were inclined to see the British connection as a millstone around the colonies' necks. Mile upon mile of neat fencing had been erected in a drought-stricken wilderness. Long stretches of unremunerative rail lines had been built. And, in the cities, there were now thousands of empty houses, gradually being reduced to skeletons as their timbers were stripped off to be used as household fuel, their former purchasers' aspirations literally going up in smoke. If the remaining residents had to go to bed hungry, they did at least have something to keep a fire going in the grate.

This, however, was only the visible legacy. Dubious though its benefits might have been, its products were at least tangible. In time the dud railways and pastoral stations probably came close to paying themselves off, the once-derelict houses became home to generations of tenants who had no option but to live with the cracks in the plaster, the rot in the floorboards, the leaks around the roofs and windows that had been patched up in haste. But the more lasting legacy of the colonies' imperial connection was not a physical one. It lay deep within the fabric of economic and social relationships in the colonies. Private property had been extended and class boundaries hardened. A social order had been constructed within which the Aboriginal population had no space. A system of gender relations had arisen that subjected working-class women, not merely to patriarchal authority, but to the constant threat of having to fend for themselves in a labour market where their skills were denigrated and their earnings impossibly low.

To go back to the question raised at the beginning of this chapter, we may ask again, who won out? This time, however, we might formulate the question rather differently. The issue is not just one of the relationship between two monolithic nations: whether in some final accounting Australia or Britain landed up
ahead is of little moment. Certainly, there were individuals in Australia who prospered from their involvement with British markets and British finance, even if some of their gains were negated in the 1890s. Similarly, there were Britons who drew large profits from the colonies. Together, the British financiers and their colonial allies took the lion's share of the spoils from the process of colonization. The point is that this process itself was opportunistic, exploitative of both land and labour and, in the end, to a considerable extent self-defeating. Even those who had gained the most from the heady joy of the boom years suffered a long and painful hangover in the following decade. And it was to be half a century before the Australian economy recovered from the damage they had done in their scramble for easy wealth.
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