

PART I

FORMING AN ECONOMY

INTRODUCTION

It is manifestly obvious that the beginnings of Australian colonial history lie in Britain in the 18th century. The decision, however taken, to form a convict or convict–imperial colony in the late 18th century began that record. The turbulent events between 1788 and 1815 in Europe, and throughout the world, overwhelmed any likelihood that this distant project should receive coherent attention and, indeed, such was the case.

While the shipment of the first three fleets suggested a degree of determination on the part of the British government, the flow of convicts and the degree of policy attention altered radically after 1792. This was reflected in various ways including the long interregnum when officers ruled without a governor to replace the first, Governor Phillip, and the adaptation already outlined in the preceding volume *Economics and the Dreamtime* from a penal organisation to a highly privatised form of penal-capitalist organisation. This was accompanied by the concentration of access to assets firstly in the hands of officials and subsequently in those of a small number of merchants, free arrivals and ex-convicts, the gradual development of agriculture, and the first efforts, particularly by large owners, towards pastoralism.

There followed the emergence of land grants and, through those, the development of private land and goods markets despite, or perhaps because of, the prominence of the government store and distributing agency, the Commissariat. Private property became prominent along with the growth of extensive urban trades and service activities — all illustrating a basic adaptation from any initial concept of a penal settlement. By 1809, powerful private local interests were arrayed against local officialdom and intricate webs of relationships had been established between local individuals and powerful interests in Britain.

A small number of officials, free merchants and immigrants and a few leading ex-convicts had certainly radically altered what might have been an original concept of a prison colony that might evolve into a gradually freed society of ex-convicts

INTRODUCTION

3

engaged in self-support. There was little prospect, in 1809, that the settlement could remain a prison. Changes of governors and different attitudes of governors towards opposing and participating in the private interests of the colony further limited that prospect. The explosion of tensions that ended in the deposition of Bligh forced a much more formal redesign of the colony together with its adjuncts of Norfolk Island and Van Diemen's Land, in constitutional, social and economic terms.

It is scarcely conceivable that Britain could maintain a close supervision of such a distant undertaking even with this redesign and the introduction of a strong military presence and new official faces to the local scene. Not only distance but local pressures and peculiarities negated much of any British objectives, and decisions had perforce to be made — even if sometimes forced also to be reversed on order — because of delays in communication. Nevertheless, the new constitutional authority under Macquarie, and throughout his decade of administration, turned the settlements into a new and more viable direction. Essentially, though it took a decade to be revealed fully, it was a direction towards a more conventional mixed economy in which a more or less conventional public sector coexisted with an expanding private sector and in which convictism flourished beside ex-convict and free society.

There was plenty of scope for 'fits and starts' in the process. But, from a local point of view, 1810 seems the more effective point from which to begin an account of 'Forming an Economy' in Australia.

Major adaptation occurred from 1821 following the reports by Commissioner Bigge into the affairs of the Australian colonies, but though these codified and clarified issues, many of the recommendations were already emergent in action prior to 1820. They included such large matters as the extension of the settlements, the preferred assignment of convicts to private employers, the encouragement to private investors, efforts to relate land grant sizes to persons with resources (not very successful) and, not least, the institution of the redesign of the British-colonial fiscal system.

This does not mean that we can tell the story of 'Forming an Economy' merely from 1810. We have to go back far into British 18th century history in social, military and economic terms. But this is background and preconditioning for the post-1810 story.

How far was the Australian settlement externally driven? How much did it pull? How much independence of action did it have? Perhaps most importantly, to what extent did a synergism develop between British and Australian events and influences? This synergism is different from, though related to, the question of the extent to which the colony became enmeshed in a small/large economy relationship with Britain though this, too, is an important matter to consider.

The beginning is unquestionable. Also impressive are the flow of convicts that developed particularly after 1812 and the resources that Britain poured into the colony(ies). But as these human and physical and fiscal resources were supplied, there was a related and not wholly dependent development within the settlements. Synergism developed most obviously from the early supply of considerable numbers of convict women, along with free women, to the settlements. But so too did a process of primitive capital accumulation (in the Marxist sense) as local development proceeded on the basis of resources supplied. Sustained relatively high living standards, combined with British fiscal support and individual initiative, helped to generate, as suggested in the preceding volume, a great deal of local trades and

dealing activities that had no immediately obvious place in a predominantly penal establishment. And, of course, the progressive freeing of prisoners meant persistently changing social relations and status groups. Here was a complex confusion of both dependence and synergism.

This synergism has tended to be underplayed in Australian history and hence attention is called the more prominently to it. At the economic level, it shows up most prominently in labour force and demographic levels and in the whole process of public (British and colonial) funding and private capital development in the colonies. There were powerful British drivers of the local economies. But they are not the exclusive explanators of the fundamental processes of change.

We might, then, begin the account with the convict story and the record of the fitful and then surging flow of convicts with eventually some 160 000 or so arriving in New South Wales (NSW) and Van Diemen's Land (VDL). This was a massive contribution of human resources, substantially all of workforce age, a high proportion with considerable skill and long years of workforce age in front of them.

Such an approach takes us inevitably back into the economic, social, criminal and judicial history of Britain in the 18th century and this is attempted briefly in this book. But it is an interrupted story largely due to the Napoleonic Wars and this is one of the reasons that a more coherent local account should start at about 1810. Relatively few convicts arrived by 1809 — perhaps only 11 000 of the eventual total and almost half were delivered in the first five years of settlement. The subsequent episodic arrivals were turned around after 1810 following the Inquiry into Transportation in that year.

Around the time of the arrival of Macquarie as governor, far more impelling events in Britain were moving towards the resumption of convict transportation. The economic effort in the war against Napoleon was approaching its peak in 1810. Shipbuilding and port construction, in which convict services were demanded at home, also peaked, reducing the inclinations to retain convicts in Britain. A financial crisis developed and, with it, the belief in, and possibly the actuality of, increased criminality in Britain. Moreover, the gathering pace of the industrial and urban changes in Britain extended the opportunities and incentives for crime. Finally, the peaking of the naval pressures against Europe meant the opportunity to release shipping for non-military purposes, including convict transportation. These conditions represented some of the immediate background to the resurgence of convict flows that followed particularly after 1812.

So we can follow, from this point, the story of the rise and fluctuations in convict flows to Australia, the assignment process, the termination and assignment and cessation of transportation to NSW in 1840 and to Van Diemen's Land in the early 1850s. This is the story that emphasises — overemphasises? — convictism in Australia and has been excellently told by Shaw (1966), O'Brien (1950) and others. It remains an appropriate emphasis up to 1830 — temporised by the importance of a moderate number of free immigrants — but quickly ceases to be so thereafter. There are two reasons. It does not take adequately into account the rapidly changing nature of the workforce after 1830. And, most importantly, it fails to reveal the age, sex, skill and workforce structure of the colonies. It misses out on the full demographic picture — the population as a whole, which was in the process of quite dramatic change. These factors all need to be brought to light and display a strong synergism between the two societies by the 1840s.

The unfortunate fact is that we have no thorough demographic history of Australia and least of all for these early years. It is essential to try to do something about this, even if with somewhat heroic remedies. Pedagogically, the trouble is that it requires numerous statistics and these can be boring. Robinson (1985) has gone far towards alleviating some of the tedium but even she is forced into statistical presentation. So we can choose the convict path, search for some of the possible determinants of the flow of transportees and combine that story with the account of the free immigration project (Madgwick, 1937). But readers should be warned that it is almost inevitable that any analytical effort requires statistical representation and no easy narrative. Reconstruction of the population imposes that condition.

There is an alternative way to begin. This was not merely a convict or even convict–imperial project. Initially, it was a major act of British public investment. This is a story that has certainly never been told and one that needs to be brought to light and even perhaps to life. It too requires some statistical representation but it is possible to make it more of a narrative. This may be more palatable even if it is a fiscal and financial account. Here again, we have comparable issues of driver, dependency, independent action and synergism wrapped in a complex parcel. Given that Britain provided not only human capital but resources to support the people concerned, the volume, nature and access to those resources become acutely interesting. In this case, the beginning is not 1810 but takes us back to the 18th century British practices and the curious incipient modes of funding that developed in the colony from the beginning.

Nevertheless, these early obscure but interesting manoeuvres also become clarified in 1810 with Macquarie's arrival, at least in the public fiscal area. These changes are more definitively declared after the Bigge investigations. The British government, from 1822, took a firmer hand in the control of resource supplies and sought greater fiscal restraint as private assignment of convicts proceeded. It also sought an increased local fiscal support from the colonies.

Perhaps what was done was with some recollection of the events of the American Revolution. Perhaps it was a consequence of the penalty that was still redolent in the colonies. But the British avoided pushing the colonists into a position in which strong fiscal resistance developed locally. Tensions certainly developed, particularly over controls of Crown lands and their revenues. Britain certainly succeeded in withdrawing a great deal of its early fiscal support and bringing the Commissariat effectively under military control. This both enhanced that restraint and allowed the colonists to leave military protection a British function. At the same time, during the 1820s, Britain moved towards a stronger encouragement of private investment in the colonies just as conditions in the colonies were developing to provide attractions to that investment — again a complex process of driver, independence, and synergism.

Fundamentally, this volume deals with the formation of the economy from 1810. But it is, and must be, preceded by chapters back in 18th century Britain. It focuses firstly on the two central issues from Britain and the way these evolved in relating to Australia — funding and human capital. This means running these accounts throughout the whole period. Thereafter, the chapters take up the local story of 'Forming an Economy' from 1810 but even here a great deal of British background is inevitable.

The later chapters on the forming of the economy confront what is to me the crucial, if implicit, policy issue — do we explain the process as a story of staple

development or is there something else at least equally important to deal with? It is proposed here that the colony(ies) sought to move in two directions and did so with considerable effect. One was, indeed, in the direction of natural resource exploitation. The other was in the dramatic use, in urban activities, of skilled labour supplied from Britain. One might say, given the supply of those skills, this was an exploitation of the problem of isolation. The two together would have been impossible without skills and heavy British public and private support. Equally, the way in which human capital was used also depended on available natural resources and the way in which they were exploited. The staple approach and the development of urban activities are intimately interconnected, but it cannot be said that either dominated or led the other. Each was the product in large measure of special conditions.

This, I suggest, is the policy division that has been dominant in Australia throughout its entire modern history. So long as standards of living in Australia remained relatively high, the ambivalence did not strike home. So long as we continued to receive a high level of skills from abroad, isolation could be a positive advantage. So long as primary resource use was relatively non-labour intensive, persons accustomed to exercising skills in urban environments could continue to practise those crafts. This pattern was set in these years and laid the foundation for a long-sustained tradition from which we have not escaped but which has perhaps become intensified.