

Furthermore, they are quite definitely associated with the completion of spasmodic expansion periods. They mark, as it were, the pauses between the beats in the growth rhythm of the country. And they are just as demonstrably associated with some disproportion between the two active agents in production, or with some circumstance which interfered with the steady and regular co-operation of labour and capital in the work of Australian development. The periods marked by the advance to self-government from 1820 to 1840, the activity in South Australia associated with the Wakefield scheme, the credit inflation following the gold discoveries after 1851, the mining boom from 1860 to 1873, Queensland development after 1866, the Victorian 'land boom' of 1890, the buoyancy due to the high productivity of the years following 1906, the expansion of secondary industries, especially after 1912, and the post-war boom and depression are usually accepted as well-defined business cycles in Australia. These periods, too, have been marked by population growth; and the well-marked migration phases connected with all of them are regarded as another usual function of the business cycle which is common to all countries still in the early stages of development. The whole movement, however, is incapable of interpretation in terms of the modern theory of the business cycle; but must be regarded rather as the usual accompaniment of growth—the systole and diastole of our economic pulse. Leaving out of the calculation for the moment the effect of good and bad seasons, the further the investigation is pursued the stronger does the conviction become that these phenomena are correlated results of one great dominant cause that has always in Australian history played the leading part in preparing the ground for the crop of financial and industrial depression.

The first fact that demands consideration in such an investigation is the overwhelming importance of overseas trade to Australia. This importance is explained by the geographical situation of the continent, by the specialized nature of its production, by the characteristics of its population, by its political organization and especially by the nexus with Great Britain, and, lastly, by the character of the economic structure developed in the community. Even with a considerable variety of soil and climate, and assuming a certain measure of success