

and by December of that year many firms of importers were in trouble. For more than twelve months every means was sought to stay the tottering structure, but it was a forlorn hope. The year 1842 was one of acute financial distress. Property of all kinds became unsaleable, and many business houses of the best repute became insolvent. One merchant in every three found himself in this position, the failures averaging over fifty a month.¹ Nor were conditions any better in Melbourne. There was a complete glut owing to the volume of imports; and many consignees were forced to sell goods for anything they would fetch, completely underselling the regular merchants in the process and demoralizing the whole business of the community. Produce and stock slumped in an amazing manner, and had to be sold at ruinous prices; sheep brought sixpence a head, cattle seven shillings and sixpence, and well-bred horses three pounds. The outlook was very black for the pastoralists, who, as the mainstay of the community, found themselves at the end of a long drought with no possibility of raising funds to recuperate. Lethargy and stagnation fell upon industry and commerce in every state.

The year 1843 opened with promise of easier conditions and a diminishing volume of failures. This was merely a lull before the storm broke afresh, and carried down the Bank of Australia as its first trophy in a fall that involved the largest merchants and landowners. The Bank of Sydney and the Bank of Port Phillip went the same way a little later, and every financial house in the community suffered severely. It is on record that the veteran Bank of New South Wales finished its worst day with sixpence in the till.

Liquidation became a widespread trouble, if not an actual disaster.² To enable the Bank of Australia to proceed to realization, a special Bill was passed empowering the creditors to dispose of the assets by lottery; and this was actually done,

¹ Sales at auction record the pressure for realization, viz.: 1839, £513,400; 1840, £1,246,700; 1841, £963,700; 1842, £686,100; 1843, £454,500.

² *Vide* Coghlan, *op. cit.*, p. 488. 'Judge Burton's Bill allowing voluntary bankruptcy and protecting a debtor who voluntarily surrendered his estate to creditors came into force on February 1, 1842. It led at once to the avowed bankruptcy of large numbers who had been insolvent for some time—most of little standing and for small amounts. . . . But before long many larger traders made up their mind to the inevitable, and . . . by December 30th, there were 600 failures, mostly farmers, graziers, merchants, and storekeepers.'