

unemployment. The distress of the moment was intensified by the high price for agricultural produce, a development for which the drought, now at its worst, was mainly responsible; and it was not until the good season of 1856 that any relief in this respect was afforded.

The course of events in New South Wales presents some notable features. For various reasons the prosperity of Victoria had not been shared by the mother state, in which trade was very depressed throughout 1855. Primary producers had very little money, while the purchasing power of the artisan classes had been reduced by rising prices and falling wages. Despite the warning presented by the crisis in Victoria, however, a strong tendency to speculation and over-trading dominated business in Sydney; and once more gambling in land and farm stock became widespread. Land mortgages were the favourite form of investment, and the registrations averaged over three-quarters of a million a year. Imports swelled with amazing rapidity, although very heavy losses on account of excessive speculation had been suffered by many merchants. Suspicion and restricted credit succeeded this outburst; and, by the close of 1859, the financial pressure had developed into a serious depression characterized by stagnation in every industry. Insolvency once started, petitions followed close upon the heels of one another until, in Sydney alone, losses of more than a million pounds had been recorded. Disastrous floods completed the depressing picture.

The expansion of banking and exchange during the period has an important bearing upon later events that must be noted here.<sup>1</sup> The capital introduced by immigrants, and later, the wealth stored in the banks and representing the product of work in the mines, affected the banking position in a marked manner. An enormous increase in bank deposits was followed by a remarkable inflation in the note issue that accompanied the great rise in prices during these years. The transition period in industry which followed the crisis, and which was marked by a swing away from mining and towards the primary industries, had its effects in modifying the banking system in a

<sup>1</sup> For the effects of the gold discoveries upon banking in Australia see J. Russell French, *Banking as a Factor in the Development of Trade and Commerce*, Joseph Fisher Lecture, University of Adelaide, 1910.