

vast injection of capital; and the trade situation which arose was, in its immediate effects, little different from that which ordinarily follows lavish borrowing. The total effect, however, by virtue of the fact that no great permanent liability for interest remained, was vastly different. The course of this crisis has been carefully stated by Tooke and Newmarch, after an exhaustive examination of contemporary trade circulars and other documents. Their examination, moreover, has a peculiar interest as being one of the first attempts to outline the pattern, and to analyse the successive phases of a commercial crisis along the lines of modern analysis. As a result of their dissection these writers resolve the whole episode into the following phases:¹

- I. The *Period of Excessive Demand*, August 1851 to July 1853, characterized by an insufficiency of supplies and accommodation for the rapidly growing population.
- II. The *Period of Transition*, July to December, 1853; a reaction from the former phase, with supply rapidly overtaking demand and profits and land values falling.
- III. The *Crisis Proper*, January 1855. The reaction of the preceding period now 'became a commercial crisis of the most severe character. . . . The supplies of every conceivable class of articles had become and continued to be perfectly overwhelming. For several descriptions of goods the quotation of regular prices became impossible . . . the single and absorbing object was to get rid of the cargoes at any price. Bankruptcies became of daily occurrence, especially during the last four months of what was emphatically a year of commercial crisis.'
- IV. The *Period of Revival*, February to August, 1855. 'The torrent of imports abated and prices began to recover.'
- V. The *Period of Depression*, September to December, 1855. Following the partial revival there occurred a severe depression in the labour market. Thousands of immigrants had continued to arrive during the commercial pressure, and at a time when a seriously reduced revenue had compelled the Colonial Government to suspend no

¹ See Tooke and Newmarch, *History of Prices*, Appendix XXX, pp. 802 *et seq.*