

a period of great mining activity after 1885, when the rich Zeehan and Lyell deposits of silver-lead and copper were developed. A great part of this activity falls after 1878, but the optimism generated by the early discoveries, especially in the mind of the overseas investor, was a prime factor in promoting the crisis of that year.

Turning to the rural industries, both agriculture and pasture made good progress, in spite of a considerable and progressive decline in the prices of all primary products. Judged by production, however, the pastoral position had never been so strong. Sheep increased from 40 to over 100 millions, and the yield of wool from 200 to 600 million pounds. This was largely due to magnificent seasons, broken by only one serious drought—that of 1881–2, which falls beyond the immediate period under consideration and was particularly disastrous to the Riverina district.

Fluctuations in the prices for staples constituted the main disturbing factor in the last quarter of the century. The first falling away in prices occurred in 1875 after a period of high returns, and within two years they had dropped by one-sixth. The loss in value of yields was, however, counteracted, to some extent, by the increase in acreage and in flocks and herds.¹ The new price-level was maintained until 1884 when another severe break of 16 per cent. was experienced. No further change took place until 1890 when disaster descended in the form of a 30 per cent. reduction in market values of primary products, a total decline in twenty years of more than 50 per cent. Again the greater part of this decline does not affect the period immediately before 1878, but it is necessary to realize that the long downward swing in prices which terminated about 1890 really commenced during that phase of Australian development which is now under discussion.

But the money market had never been easier. In 1871 the various Australian governments owed somewhere about £30 millions to Britain; but, by the end of the next decade, this total had more than doubled. It is worthy of note that most of the new debt was devoted to railway construction. After 1871

¹ For the pastoral industry after 1886 the fall in the price of wool 'almost cancelled the effect of the increase of flocks'. (Coghlan, *Statistical Account of Australia*.)