

ing on all sides to take a share in the good things offering. The 'leap-frog' procedure then began of offering longer and longer terms to buyers of land.

The next step for these institutions was to bid for the British deposits which were flowing into the banks in such a flood. Higher rates than those obtainable at the banks were offered; and the drain on their deposits caused by this competitive bidding forced the banks in self-defence to raise their rates. To maintain the momentum, more and ever more capital was needed, and to secure this many of the institutions established 'agencies' in Great Britain. Scotland, of all places, was a favourite field for deposit hunting; and more than a score of Australian companies were operating in Edinburgh alone. But the day was coming when this competition was to eliminate the unfit in the financial jungle. Haldane has said, 'Organisms may develop which in one way or another are so mis-shapen or defective that they cannot survive even though they have all the essential characteristics of organisms. They maintain their existence as organisms for a short time, blindly struggling as it were to preserve the defects which make them incapable of surviving'.¹ So it was to prove with the building societies and land banks of the time in Victoria.

The real starting-point of the 'boom' lies as far back as 1881, when, in fact, conditions were far from favourable for such a development. The previous year had been remarkable for a circumstance that had affected every British colony in common with other borrowing countries. This circumstance was the sudden constriction in the flow of new capital from Britain, a flow to which the Australian colonies were by then becoming accustomed. Not only was the flow stopped entirely, but demands for repayment were made which fell so uncomfortably upon the ears of the borrowers as to arrest a period of budding prosperity. The cause of the change was another financial crisis in Great Britain associated, as we have shown, with the unexpected failure of the City of Glasgow Bank. As a direct result of the succeeding credit restriction the allowance of capital from Great Britain to the eastern colonies of Australia was cut down by not less than £10,000,000, and other colonies fared similarly. The trade statement below will show the total and individual effects

¹ J. B. S. Haldane, *Mechanism, Life, and Personality*, p. 102.