

In Melbourne the speculation in land-company shares exhibited an exuberant confidence to which the banks once more responded readily.¹ A positive mania for the creation of these companies pushed ordinary business quite out of court. In Victoria alone hundreds of these parasitical concerns were flourishing, every week saw the flotation of half a dozen new ones, and they were obtaining deposits totalling five millions a year from Britain.

The second phase of the boom in the eastern states chiefly developed around city property, and manifested itself in the marvellous increase in the values of city frontages in main streets. But the frenzy soon spread to suburban estates, and subdivisional sales became an obsession in all three communities. Profits of fifty per cent. were quite common on city blocks, and in every way the position in suburban districts was quite as unsound. Free carriages for prospective buyers, pavilions erected upon the estate to be subdivided, free champagne lunches at the sale, and other amenities placed in the way of the purchasers, bear witness to the reckless character of the business of land selling. Added to this were the offers of longer and longer terms for repayment, with smaller and smaller initial deposits. Prices bore no relation to returns, the buyer made no attempt to improve his holding, and was solely interested in the prospect of turning it over at a profit before he was called on to pay any large proportion of the purchase-price. Some land companies in their advertisements guaranteed profits of twenty and thirty per cent. within a few months of purchase.²

These unsound conditions reached their dizziest heights in Melbourne. The year 1888 proved to be the '*annus mirabilis*' of the whole boom period. In that year reckless speculation in mining and land transactions reached its pinnacle. Nor was the mania confined to those fields, for the community was seized with a gambling frenzy. The banks played their part by

¹ The lengths to which it was possible for imprudent finance to go are shown by the report of the Banking Commission appointed by the Victorian Government. Among its recommendations was one to the effect that banks should be allowed to advance money on debts *before they were incurred*, and a Bill was actually prepared to this end. Happily it got no farther.

² The scramble for the profits in these companies pushed up the market-price of the shares of thirty land companies by more than *two million* pounds in a few months.