

increasing advances enormously, and the greater part of the increase went to bolster up allied land companies.¹ In the face of the competition by the land companies, much of it grossly unscrupulous, the established banks and building societies found it was impossible to restrict their activities to their legitimate functions without losing the confidence, or at least the deposits, of their customers. 'This year saw the largest business ever transacted, the greatest fluctuations in prices, and immense flotations. Its morning commenced with active business and rising prices, advanced to wild speculation and inflated values at noon, and closed at night with relaxed tone, falling prices, and a stringent market.' The mines of Broken Hill became the centre of speculative interest. The boom continued for the whole of the first quarter. 'Grey-haired men saw, aghast, their juniors making competencies in a few months by speculation in mines.' Then a rapid decline set in, and the market value of shares listed in Melbourne fell by nine million pounds in a single month.²

The land craze, however, continued undiminished.³ The building trade, too, was at the height of its activity; and, as yet, there were no signs that the wonderful outpouring of capital from Britain would ever diminish in volume. It can easily be realized that, with the enormous burden of debt and inflation which oppressed it, the ordinary production and enterprise of the continent could not be otherwise than stagnant. And to the whips of inflation and speculation prepared in the decade just ending, were to be added the scorpions of drought and falling prices in the period now commencing.

¹ Perhaps nothing shows the character of the business better than the case selected by Coghlan in which the Colonial Investment and Agency Company declared a profit of over £29,000 for the half year, of which £12,000 represented *appreciation in value of freehold properties*.

With a capital of only £7,500 the Investment Company was able to show a handsome profit of £24,717 after writing off preliminary expenses. Mercantile Finance on a net profit of £172,340 declared a profit of 50 per cent. for the half year. (Coghlan, *Labour and Industry*, p. 1700.)

² *Melbourne Stock and Share Market*, 16 Jan. 1889. Broken Hill shares were quoted at 84½ in 1887, rose to 413 in February 1888, and closed at 302. The most spectacular call in the history of the Melbourne Stock Exchange was the sale of 2,500 B.H.P.'s for nearly £112,000. At the height of the boom the Stock Exchange did business all night, and the operations for 20 Jan. 1888 totalled £2,000,000.

³ In one week over thirty subdivisional sales took place in Melbourne.