

The unfolding of the drama in New South Wales serves, in some respects, as a contrast to the course of events in Victoria. It must be remembered that the older colony had developed the pastoral industry whilst somewhat neglecting agriculture; and this tendency accentuated the dependence of the colony on the world market conditions for animal products and particularly for wool. This state of affairs had a very marked effect on developments in New South Wales between 1880 and 1890. Pastoral properties were marked out for attention by the British capitalist, and in this circumstance the corresponding boom period in that colony had its rise.¹ As a direct result land sales, and government revenue from this source, increased enormously, the revenue alone rising in 1881 by one and a quarter millions above that for the previous year. The buoyancy of commerce and industry also assisted towards the production of a 'three million surplus' at the end of the year. As a result of successful loan issues, government deposits in the banks were far in excess of anything known hitherto; and these furnished the wherewithal for advances for land purchases. All this was, of course, almost exactly a repetition of the conditions preceding the disaster of 1843. Finance moved once more in the same old vicious circle.

Between 1882 and 1888 precisely similar conditions prevailed in Sydney as in Melbourne, although on a somewhat more subdued scale since the effects of the 1884-5 drought were naturally felt more severely in a pastoral community. The year 1888, however, offered some remarkable contrasts in the two colonies. This year, which saw the land speculation in Melbourne at its very pinnacle, saw the decline and finish of the land boom in Sydney, where investors now turned as eagerly towards mines as they had previously towards city estate.² Two factors, however, were combining to call a halt as far as Sydney was concerned. The first of these was due to the dominant position of Victoria in financial matters. Most of the banks were already feeling the drain imposed by the Melbourne boom, and were

¹ The British investor displayed as much readiness to take up securities in New South Wales as in Victoria at this time, and 4 per cent. N.S.W. stock was quoted at 110.

² A fair index to the inflation that had occurred, although a conservative one, is given by the municipal assessments of Sydney and suburbs which increased by over £20,000,000 in five years.