

engaged in building up deposits there by accumulating every sovereign that could be spared in the other centres. It was, of course, merely robbing Peter to pay Paul, for the object of the transfer was to maintain the buoyant conditions in Melbourne, or, in the case of the more cautious banks, to strengthen their position in that quarter. There was no sudden shutting down in Sydney, but the gradual contraction of credit there checked speculation very effectively.<sup>1</sup>

The second factor was the incidence over the whole state of another drought in 1888-9. Farmers and stockowners both suffered very severe losses; and increased support had to be given by the banks, who were themselves seriously implicated, and all this accentuated the monetary tightness.<sup>2</sup> Speculation ceased entirely, and most of the land companies found themselves in serious trouble in consequence.

Probably for the same reason that street lamps become dim after sunrise, the part played by Queensland in this period is not usually appreciated. Melbourne quite outshone both Brisbane and Sydney by the brilliance and the grand scale of her financial eruption, but the historian is apt to ignore the important part played by Queensland in the troubles of the day. Much of the activity in this state after 1880 depended upon vigorous development which was eminently justified. But speculative factors here, as in the south, intervened to force on an expansion that was too rapid to be healthy. Much of the activity found its chief outlet in the opening up of the lands on the coastal belt where sugar plantations were being established. The westward expansion of the pastoral industry absorbed, quite legitimately, much of the capital that began to pour in. But from these two, as financial foci, was generated a volume of speculation that ultimately overwhelmed sound enterprise in Queensland for a decade. All the features of the land gamble in the southern states were faithfully repeated in Queensland. A fictitious prosperity was reflected in a strong market for Queensland

<sup>1</sup> Harris comments: 'The largest amount of capital received for investment purposes, £6.2 millions, came in 1885; but the drop in the marriage rate and the strike suggest that the peak had been passed.'

<sup>2</sup> The extent to which nine banks were involved is shown by their registration as early as 1883 as owners of over 500 squattages totalling at least 15 million acres. Coghlan estimates from the official returns that the banks were liable for one-sixth of the area under pastoral lease in New South Wales.