

stocks, and this served as an encouragement to a willing government to enter upon an extensive borrowing programme. An early period of speculation in pastoral properties, which came to a timely end through drought, merely served, as it did in Sydney, to divert the current of speculation towards city properties. In addition to the annual loans floated by the government, Queensland, in common with the other states, attracted a large share of British capital through the agency of the banks.

Speculation and drought early in the decade had, however, lowered the tone of business; and, in the crippled state of the pastoral industries, this acted to depress all business activities. Unemployment and distress impelled the government to relieve the situation by a big programme of public works estimated to cost no less than ten millions. This pious intention was helped in a dramatic manner and from an unexpected quarter. In December 1884 the wonderful gold deposits at Mount Morgan were discovered; and the splendid returns at once stimulated renewed speculation in mines. In Brisbane the marvellous dividends from Mount Morgan, the habitual loan, and the swelling flood of British deposits drove town values to crazy heights.<sup>1</sup> Yet all the time the spectre of drought stalked through the country.

At this time, in spite of the fact that overdrafts to pastoralists had practically ceased, bank advances had reached 11½ millions in Queensland, an increase of over two million pounds in a single year. The splendid seasons of 1887 and 1888 effectually scotched any pessimism which the expansive policy of the government and the progress of speculation may have excited in cautious minds. The burden of the public debt had reached a total of 26 millions, or more than £78 per head of population, a situation which moved the financial editor of the *London Times* to vigorous and scathing criticism. But this had no effect, since the eyes of that section of the public who were not preoccupied with land transactions were filled with gold dust. In stark contrast industry and trade were stagnant, railways were becoming less and less of the nature of reproductive works, the public debt was still mounting, the return for capital expendi-

<sup>1</sup> £50,000 was paid at this time for 50 feet of city frontage in Brisbane, and in the suburbs prices just as ridiculous were obtained.