was managed by a board of directors who were closely connected with some of the banks; and the mismanagement and fraud which were revealed created a most unfortunate atmosphere. The directors of the more stable banks declared that these failures were inevitable; and that normal business could not be resumed until these pseudo-banks had paid the penalty. For this reason, and for others more urgent which were not made public, the banks refused accommodation to the smaller financial companies; and left them to shoulder their own burdens, a perfectly justifiable course had the banks themselves been less responsible for the predicament of their clients. This policy, however, did nothing towards restoring confidence; and the withdrawal of deposits went on at a rate that very quickly assumed a quality of menace for the banks themselves.

Having in mind the action of the English banks in the Baring trouble, the associated banks now conferred with a view to affording mutual support; and the decision that this was possible and advisable, upon 'satisfactory (but undefined) conditions', was equivalent to a resolution to do nothing since the whole financial body was one vast unsatisfactory condition. The conference at least had the effect of restoring some measure of confidence to the mind of the community, and a temporary pause gave the banks a breathing-space that was badly needed. The period of deepest gloom occurred in the middle of the year. Depression and the widespread loss of confidence strangled all enterprise, unemployment brought distress to almost every working-class home, purchasing-power and trade declined enormously, and stocks of every kind were almost valueless.

The older and more carefully conducted banks now commenced to close their doors. It was impossible to realize assets or to defer withdrawals in the midst of such depression.[1] Distrust, distress, and almost despair marked the close of 1892, during which year nearly a hundred concerns had gone into liquidation with aggregate liabilities of over £15,000,000. The

[1] G. M. Low gives the following figures for Australian banks at the time of suspension—total for 12 banks:

Paid-up capital, Reserves, and Undivided Profits	£13,442,767
Callable capital	£11,230,726
Liabilities	£89,872,445
Assets	£103,315,212