

PART IV
THE COMMONWEALTH, 1900-14

CHAPTER IX

THE COURSE OF BUSINESS FROM 1900 to 1914

'It will be seen that the projects involving borrowing are on a magnificent scale notwithstanding that, on the one hand, population is increasing very slowly for a new country, and that, on the other hand, every leading material interest excepting Western Australian gold-mining is now slowly retrogressing. It is time that a halt was called to save Australia from being plunged into irremediable difficulties.'—*Insurance and Banking Record*, 9 Apr. 1902.

'The excess of exports is unprecedented in the history of Australia. It is impossible to trace with exactitude how the balance has been disposed of. . . . All that can be affirmed with certainty is that the large exports and the restricted imports of 1904 have contributed to place the people of Australia in a much easier position than at any time since the days of excessive borrowing.'—*Insurance and Banking Record*, 20 June 1905.

'Prosperity of good seasons induced an orgy of extravagance, first among the pastoral and agricultural community who plunged into real estate activities in Sydney and laid the foundation of many wild-cat and genuine company-promotion schemes. All this created a trade boom; new and untried ventures sprang up, plodding concerns blossomed into companies which were often grossly over-capitalized, others without solid foundation were snapped up by investors without question. Amusement companies sprang up like mushrooms with directors who were new and untrained and often mere guinea-pigs. Land values and rents shot up to absurd figures. Estates were subdivided every day of the week and a general land-boom set in.'—*Sydney Morning Herald*, Editorial, 15 Apr. 1913.

FOR the special purposes of this study no other period of Australian history is quite so satisfactory as the years between the inauguration of the Commonwealth in 1901 and the Great War, and that is not because of any peculiar verification of the thesis here developed but because of the vastly more satisfactory conditions for inductive study which are presented during those years. In the first place, the federation of the states effected a political unity that was reflected in a more closely knit economic organization which greatly simplifies the task of analysis. Not the least important result of federation for our purpose was the initiation of a satisfactory system of national statistics. Parallel with this amalgamation in the political system a similar development was taking place within the banking and currency system which also had a definite advantage for economic study. Under the influence of the tariff, the national reorganization