

depressed prices. How severe the reaction was in the metal markets can best be judged from the figures quoted below.¹

The chequered course of 1901 continued into the following year; but, after a depressing period marked by rising prices for domestic commodities, falling prices for exports, distress in rural and mining areas, and government deficits in every state, the promise of brighter conditions came with the breaking of the drought. Business interests were by this time, however, beginning to feel the strain imposed by the considerable decline in exports; and it is significant that during 1903 gold shipments were on a scale larger than usual. A marked decline in imports was only to be expected; and, as trading interests in the cities became involved to a greater and greater extent, the most intense depression experienced in the eastern states for a decade now developed.

A secondary but far from unimportant factor originated in the aftermath of the South African War; and was sufficiently serious in Great Britain to diminish considerably the volume of capital available for investment. This shortage of loan funds reacted most unfavourably upon Australia, in a way that will be traced presently. The position of the Australian money market for the greater part of the year was one of comparative ease; but the stationary bank figures merely reflected a want of enterprise and a dullness of trade characteristic of the 'deficiency phase' of the borrowing cycle. That this state of affairs was largely the direct result of the expansive loan programmes embarked upon previously by all the States cannot reasonably be questioned. As early as 1902, in fact, criticism was being directed to the precarious condition of Australian government finance by business leaders and economists. In less than three years the public debt had increased by nearly £20 millions of new loans; and the onset of drought, accompanied by the disastrous fall in the value of exports,

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PRICES FOR PRINCIPAL AUSTRALIAN METALS

<i>Metal.</i>	<i>1900. Per ton.</i>			<i>1901. Per ton.</i>		
	£	s.	d.	£	s.	d.
Copper	73	0	0	49	0	0
Tin	121	15	0	105	5	0
Lead	16	5	0	10	3	0
Spelter	18	17	6	16	15	0