gold-mining as a staple industry. The one cloud in the financial sky was the approaching maturity of the old debts, and the consequent necessity for troublesome and unproductive conversion operations.

We must now leave Australia at the moment when she was entering perhaps the most uniformly prosperous period of her history, and direct our attention once more to the course of world events. The spacious times of 1906 and 1907 were, in fact, largely a reflection of similar conditions then prevailing in most of the countries of the world. Nowhere, however, had buoyant enterprise and industrial expansion been more marked than in the United States, where 'trustified industry' aided by the enormous immigration of the period had built up a system of mass production and inland transport that was the marvel of the economic world. This 'rampant prosperity had begotten reckless speculation and in no direction had this evil assumed larger proportions than in real estate'. But, with the opening of 1907, bankers, statesmen, industrial leaders, and economists were becoming apprehensive of an imminent collapse.[1] American bankers, indeed, were already preparing for the worst by building up their gold reserves at the expense of Great Britain, a development that engendered much hostile criticism and no small financial disturbance in London, where discussion concerning the adequacy of the gold reserves of the Bank of England clearly indicated widespread uneasiness.

In middle March, owing to the fact that the demand for capital had outrun the immediately available supply, a sharp panic in New York was precipitated by a 'bear' movement which was deliberately engineered but got out of control. This was followed a week later by a violent collapse in which national and savings banks, trust companies, industrial groups, and public credit generally were deeply involved. London financial interests, realizing the gravity of the position, immediately abandoned any attempt to stave off disaster in the United States,[2] and concentrated on safety measures which implied the

[1] Professor Andrew of Harvard University indicated an attitude of mind that was very general: 'It is then simply because the United States has enjoyed a fabulous prosperity for an unusually long period that one may conclude that the situation to-day only requires some sharp blow to the general confidence to precipitate a new movement of liquidation and reorganization.'

[2] London *Times* of 15 November: 'When there was a reasonable chance that a