

depression following the collapse of the land boom, the Australian community had made a remarkable recovery, and had accumulated wealth. In the years from 1906 to 1912, inclusive, the output of minerals had totalled £175 millions, wool had been exported to the value of £176 millions, other pastoral and dairy produce averaged £42 millions per annum, agricultural production rose steadily in value from £25 millions in 1906 to £46 millions in 1912, while the total value of manufactures went from £33 to £57 millions. This advance was, of course, the result of both rising prices and increased production. Total exports rose from £48½ millions to £70½ millions, and bank deposits advanced from £123½ to £206 millions. But over against this had to be set a more than proportionate increase in indebtedness. It will be sufficient to say here that, after 1910, bank advances rose 22 per cent. in three years, whereas the increase for the previous similar period had been less than 4 per cent. Federal and state expenditure reached £55 millions in 1912 and new public, municipal, and business loans totalling £16 millions were raised. In the consequent expansion of the national income is to be found the source of the remarkable prosperity of this period.

The threat of an unfavourable season was once again the first cloud. Heavy losses of stock, small harvests, and a decline of 300,000 bales in the wool export soon confirmed the worst fears. For the first time since 1891 the total value of imports exceeded that of exports. Primary producers were in sore straits and importers found themselves heavily overstocked. The natural result was an alarming decrease in bank deposits. All this was a dramatic change; and the increased interest rate, the reduction of overdrafts, the difficulty in obtaining accommodation, and the decline in the value of all investment stocks told of strained conditions which were similar in all respects to those of 1908. Further, a sudden collapse in shipping freights took place which was a symptom of the general world reaction, and another effect of the capital shortage which was causing London once more to frown on overseas loans. The reasons for this reaction can be more conveniently examined in the next chapter; but there is little doubt that Australia was on the edge of a severe crisis when the tremendous happenings of 1914 intervened.