

rising prices and plentiful credit which stimulated both public and private enterprise. Further, Australia as a producer of food and raw materials which were in such urgent demand during these years found herself in a particularly favoured position. The unprecedented rise in price-levels, the increase in both imports and exports, and the great expansion of credit have been exhaustively examined by Professor Copland; and it will not be necessary to do more at this juncture than to state his main conclusions.¹ The industrial expansion which accompanied rising prosperity, and the government expenditure of loan money on repatriation schemes, war-service homes, closer settlement and developmental works exaggerated the upswing of business activity after the war to an extraordinary degree. The purchasing power of the community, vastly increased by payments on government and private contracts, was further swollen by distributions of deferred pay to repatriated soldiers and dependants. Although Copland indicates the expansion of credit as the chief cause of this artificial prosperity, it seems apparent that the *fons et origo* is to be found as much in borrowing as in banking. Capital importation was one efficient cause which produced a whole train of phenomena which marks the boom of 1919. It is only fair to say, however, that despite the emphasis which he lays on inflation as the major cause he clearly recognizes the importance of the borrowing factor. He believes, too, that government expenditure was not the real cause of the boom, and that its influence was felt only after the boom developed; but fails, nevertheless, to indicate the initial importance of the enormously swollen flood of domestic and overseas loans on the credit structure. Of the seven factors which he detects as contributory causes of the boom, three only are not related in any way to the import of capital.²

He recognizes also the important effect of private borrowing upon the expansive tendencies of the time.

¹ Joseph Fisher Lecture (University of Adelaide), 1921. Art. *Economic Journal*, Dec. 1920. Paper before Section G of A.A.A.S. Wellington, 1923.

² Professor Copland's analysis of the main causes of the great prosperity in business in 1919: 1. Increase in the prices of exports. 2. Rise in domestic prices. 3. Expansion of credit and relatively low rate of interest. 4. Development of secondary industries. 5. The great overseas demand for raw materials and other products. 6. Government expenditure of loan money. 7. Natural psychological factors operating in all boom periods.