

## FINANCIAL HISTORY

(By T. S. Opie, B.A., Dip. Ec.)

Speculation in land and mines, lack of legal currency, drought, excessive oversea borrowing and imports have been, in the past, the main causes of crises in Australia. Fundamentally the facility with which public and private borrowers here have been able to obtain money in London has been the source of nearly every crisis.

Sometimes the depressions consequent on such economic upheavals have been momentary. At other times the shock was so great that industry and finance remained stupefied for some years. But in spite of all Australia has been very fortunate as compared with other countries in such matters as the following:—

We have had no railroad mania.

We did not invest in South American securities.

Our banks did not over-issue notes.

### Crisis of 1841-3.

In Sydney and Melbourne the financial crisis of 1841-3, the first one of any magnitude in the history of Australia, was brought about by speculation in every branch of business, and especially in land transactions. A wave of artificial prosperity swept the new colony.

During the year 1839 imports, of which the greater part consisted of luxuries, exceeded exports by more than 150 per cent. Sir George Gipps declared the country around Melbourne to be "strewn for miles, almost hundreds of miles, with champagne bottles."

English capital, attracted by high interest rates, poured like a flood into the colony, to be invested in land, which became the main object of speculation. Everybody bought and sold land, the value of which doubled and trebled almost overnight. Most of the sales of land were made on credit, speculators being aided and abetted by the banks, which discounted the bills of the former with alacrity. Champagne lunches were arranged before land sales commenced, which had the effect of raising the price of the land 100 per cent.

Then, at the height of the boom, a financial crisis in England suddenly stopped the inflow of English capital. Land values in the colony fell suddenly, and prosperity gave place to extreme poverty and depression. The banks held land bills which could not be met, investors found it impossible to continue instalments for the purchase of land, importers were faced with a large quantity of high-priced goods which were impossible of sale.

In the year 1842 there were more than 600 insolvencies. The financial crash also brought about the failure of the Bank of Australia and the Sydney Banking Company. It was not until the gold discoveries that depression once more gave place to prosperity.

### In South Australia

South Australia also experienced a severe crisis in 1840 owing to the fact that Governor Gawler's drafts on the British Treasury for £155,000 were returned dishonored. As these drafts had been paid away to local business men, who in turn had remitted them to England to pay for imports, the dishonoring of so large an amount paralysed South Australian industry for several years.

Six years after the crisis of 1840 South Australia began to make rapid progress, and the continued prosperity induced speculation, as it had done in New South Wales. Enormous prices for mining shares and town lands were offered and accepted on long-dated credits. Merchants' stores were filled to overflowing with imported goods.

Then the gold discoveries in the eastern States resulted in a withdrawal of population from South Australia, and with the emigrating gold diggers went most of the colony's sterling coin.

To prevent the drain of coin the banks would have had to stop suddenly all accommodation, which would have resulted in the utter ruin of everyone engaged in trade. Happily, the Government intervened and made bank-notes a legal tender, and made uncoined gold shipped from Victoria available for the payment of debts and a basis for the note issue. This measure almost instantaneously restored confidence and relieved the tightness of the money market.

Other crises in South Australia were also caused mainly by speculation. For example, 1860-1 copper mining speculation; 1873-4, gold-mining mania; 1886, land speculation. Disastrous crop failures from red rust and drought accounted for the depressions of 1866 and 1868-1870.

### 1893 Analysed

The crisis which occurred in 1893 was the greatest in the history of Australia. Like the others, it was due to speculation and to money easily obtained on the London market. Land and silver mining were the objects of speculation, but this time the speculation was conducted on a scale unheard of before. Land and finance companies sprang up like mushrooms, and even the banks were drawn into the maelstrom of speculation through their advances to land and mortgage companies. Stocks and shares of all kinds soared to dizzy premiums.

But as bills fell due they were not met, and, like the black years of 1842-43, the great boom collapsed and with it the values of all securities. Money had in some cases been advanced to the full inflated value of the security, and consequently the actual assets of many financial institutions were less than 50 per cent. of the stated nominal assets, a great percentage of which, moreover, were unrealisable. But as depositors in financial institutions wanted ready money suspension was inevitable. In 1892 more than 50 finance and mortgage institutions in Melbourne and Sydney suspended payment, and next year 12 of the banks of issue followed suit.

In her short history Australia has experienced her full share of business depressions, but, with the exception of 1893, one cannot but applaud the steady progress and cautious management of the Australian banks.

This fact is more apparent if comparison is made with other countries. It cannot be doubted that many a crisis, especially in the United States, was occasioned by bad banking. We have been exceedingly fortunate, however, in this respect, and the crisis of 1893 is most probably the last of the kind that will be experienced by the Commonwealth.

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### Workers' Educational Club

Mr. G. L. Wood, M.A. (president of the Workers' Educational Association) presided at the monthly meeting held at Stow Memorial Hall on Saturday.

In thanking the members for his election as president, Mr. Woods congratulated them on the great success of the movement socially.

The evening's entertainment included five scenes from "David Copperfield" by Mr. Wright's class (English Literature). A faithful interpretation was given of Dickens' great work. Miss D. Simmons as Little Emily and Miss E. Martin as Clara Piggotty gave fine portrayals of those characters. Miss Ellis was convincing as Roa Dwyer and Mr. R. A. Gibbons was still waiting for something to turn up as Macawber. Mr. G. H. Wright, M.A., gave a fine sketch of Dan Peggotty. Other characters were well sustained.

The next meeting will be held on Saturday, June 28, when a parliamentary evening will be given.

## EXTENDING ADULT EDUCATION

Enthusiastic response is being made to the professions of practical sympathy by the Minister of Education with the advancement and extension of education. The realisation of the value of enriching youths and adults with knowledge useful to their equipment as efficient in their avocations of life is an inspiring influence in the realm of politics. Even if the cost should be £330,000, as stated at Norwood on Saturday, the money could not be better spent.

A recent deputation from the Workers' Educational Association, which is accomplishing so much in adult education at trifling cost, was filled with a spirit of hopefulness by the Minister's vigorous utterances. The association asked for an increased grant of £2,500. Four-fifths of the amount, it was explained, would be devoted to extending the association's operations in the country. Considering the great difficulties attending the development of adult education in that direction, it is not surprising that the Minister was in full accord with the deputation, and he reiterated that the Labor Government was pledged to a vigorous policy of assisting and improving education.

That was an encouraging statement, but it was tempered by the subsequent limitation that the spirit was willing but the capacity of the Treasury was limited. That is the old plea with which so many Ministers have disappointed educationalists and starved the education vote. It is also in striking contrast to the Minister's former avowal that money must be found for promoting education. Fortunately the impression of timorousness thus created has been largely dissipated by the deliverance at Norwood.

Economically, the cutting of a garment to suit the available cloth may appear to be a sound and admirable principle, but what is required is a better garment and the provision of more cloth. That has been the stumbling block with all Ministers of Education. They have not had the political courage to provide the cloth to fashion a worthy garment.

There is a tendency to look upon the education vote as a heavy, if necessary, outlay for which there is no apparent tangible return, but as a fact it is a superb investment—the only one by which the people may become truly great. National progress and development can almost be calculated in terms of the extent of the education expenditure. Possibly the direct return may not be visible in actual sovereigns, but the benefit is undoubtedly there. America is reaping now the harvest of industrial prosperity, the seeds of which were sown in the immense sums devoted to the vocational culture of the people.

In South Australia, the State is only providing the elementals of the training, which is to be turned to profitable account. It requires a strong man prepared to encounter great obstacles, and, at first, perhaps defeat, to secure the provision of the funds requisite to attain national education in its fullest sense.

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World

### MIDWIFERY TRAINING

#### Better Instruction Urged

#### Adelaide Women Emphatic

Following the remarks of Mr. J. Jelley (Chief Secretary) with reference to the proposed establishment of a chair of midwifery in New South Wales, and the position in South Australia, the views of some prominent women in Adelaide were sought.

"There is a great necessity for a midwifery ward at the Adelaide Hospital, and the intention to establish one there should meet with universal approval," said Lady Moulden, who is one of the official visitors at the Adelaide Hospital, and who has recently visited the public hospitals of Melbourne and Sydney.

"The medical student is not given nearly enough opportunity to perfect his knowledge in this most important branch of medical science. Pre-natal clinics and better training in midwifery will all help to establish a sturdy future generation and healthy strong mothers. In all probability the next step will be a chair in midwifery, and seeing the high standard of our University Medical School, it should not be long before this received consideration."

Mrs. T. R. Bowman (president of the National Council of Women) said:—"The National Council is much concerned about the health of the expectant mother and the provision of adequate obstetric instruction for medical students, nurses, and midwives. I, personally, consider that a comprehensive scheme for the effective teaching of obstetrics would include a chair of midwifery."

Speaking more especially on the care required during the pre-natal period, a leading woman doctor of Adelaide said that there was not nearly enough scope under present conditions for medical students to gain experience in midwifery. She would like to see pre-natal clinics established, the extension of facilities for the study of midwifery, and possibly the establishment of an extern system under which students could attend cases in the homes of the patients themselves. There was an infinitely better chance for both mother and child if the case were under supervision during the whole of the pre-natal period. If this were possible there would be a great saving of child-life.

Advertisement

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Mr. C. M. Ward, who was recently appointed vice-principal of the Adelaide High School, is a son of Mr. M. J. Ward, of Uooloo and Whyte-Yarcowie. He was educated at Christian Brothers' College, Wakefield-street, where in 1908 he gained top place in the junior public examination. He won a University scholarship at the higher public examination two years later. In 1910 Mr. Ward graduated B.A. with honors in classics, and M.A. in 1912. He has been teaching in Government high schools since 1911, and was appointed senior master at the Adelaide High School in 1916.