injection of disease into the Australian financial organism; and that the accumulation of infection was more than the work of a moment. The prime cause of crisis, at least in Australia, is to be found in conditions antecedent, often by a decade, to the actual onset of the trouble. The object of this inquiry, therefore, is to cut away the irrelevant tissues which are so apt to confuse the mind in post-mortem examinations of this character, to expose the main artery whose adequate or deficient blood-supply means so much to the body economic, and to demonstrate that precisely the same causes have been operating in Australian business since the early days to affect the volume of that stream and, consequently, our prosperity.

This observation suggests further remark upon the methods to be employed in solving the economic problems now facing all countries of recent settlement, or countries in that stage of transition where large supplies of new capital are a *sine qua non* of development. In the matter of application of capital, even less than in any other corner of the economic field, is the method of experiment under rigid controls possible; but there is, therefore, an enhanced necessity for making the utmost possible use of the observations and deductions of thinkers who are working along similar lines in different parts of the world. The need for unifying economic knowledge is nowhere more insistent at the present time than in the matter of the application and direction of capital; and the problems under this head are very similar for all those countries which form the pioneer belts of the world. Capital may be, indeed has been, sunk on too large a scale in unproductive or obsolescent enterprises, especially upon duplicated and alternative systems of power and transport; and the net outcome has been considerable wastage of capital and a permanent interest liability that, by more complete foreknowledge, might conceivably have been avoided. Capital, thus misapplied, might by wiser direction have been devoted to serving the needs of the Commonwealth in quite different and more effective modes. Sir Josiah Stamp has said, 'We still have to face the fact that, looking at our economic interests as a whole, there may be a great waste of capital due to its piecemeal application'. That has been profoundly true of Australia where seven independent and often competitive