

in the attempt to develop diversity of industry by means of a protective policy, Australia is able to produce only a small part of the great range and volume of commodities consumed by her people. Limited as she is by the conditions of the country in regard to climate and natural resources, by the sparseness of her population, and by the high relative cost of production, her only method of purchasing the foreign products which her people so insistently demand is by means of the commodities for the production of which she has some outstanding advantage as compared with other countries.

But there are other factors which enhance the importance of overseas trade to the Australian community and which make the statistics of international trade a fertile field for the investigator of Australian business fluctuations. The most important of these factors is the unusual compactness and homogeneity of the Australian community. The concentration of one half of the population of the country in the ports with all the advantages in industrial efficiency which that concentration implies, whatever the social disadvantages may be; and the tendency to develop the few well-equipped ports, rather than many less well-equipped, is perhaps an admission by the community of its dependence upon overseas trade. The radial concentration of railways in each state upon the relatively few outlets from the hinterland, the comparatively narrow fringe of coast-land along which the bulk of the rural population is distributed, and the small numbers of the inhabitants with relation to the territory occupied are other factors affecting and being affected by overseas trade.

Furthermore, the centralization of economic and financial control, represented, on the one hand, by an arbitration system which prescribes similar high standards of comfort for every state in the Commonwealth, and, on the other, by an associated banking system that treats the business of the community as a unity rather than as a congeries of states, has co-operated with a railway system under government ownership and a shipping system dominated by powerful combines to deepen the customary grooves along which the economic life of the continent moves. It is necessary to enlarge a little upon the importance of these factors. Professor Viner has declared of the Canadian situation, 'In a country of specialization in industry,