

The correspondence between gold production and total imports is the first fact of importance. Adjusting the 'lag' of twelve months needed for the gold production of a period to be translated into the imports of the following period, it will be seen that the consilience is perfect and affords ample ground for the main contention that the effect of the gold production upon the trade balance was exactly the effect that the introduction of so much capital would have had.

TABLE III<sup>1</sup>*Gold Production and Imports, New South Wales and Victoria*

Year.	Gold Production (In £m.).			Imports.		
	N.S.W.	Vic.	Total.	N.S.W.	Vic.	Total.
1852	2.7	16.8	19.5	1.9	4.1	6.0
1853	1.8	12.2	14.0	6.3	15.8	22.1
1854	0.8	8.6	9.4	6.0	17.7	18.3
1855	0.7	11.7	12.4	4.7	12.0	16.7
1856	0.7	13.9	14.6	5.5	15.0	20.5
1857	0.7	11.0	11.7	6.7	17.3	24.0
1858	1.1	10.1	11.2	6.1	15.1	21.2

The balance of trade for the period affords some striking evidence of the tendency of a young country passing through a stage of exuberant prosperity to 'outrun the constable' in the matter of imports. It was a period, also, in which public borrowing certainly increased but not at an unjustifiable rate. In 1852 New South Wales was alone in the possession of a public debt, and that amounted to a mere £212,000. This had risen by 1855 to £1,011,300, in which year Victoria made a beginning by borrowing £500,000. By 1860 the total debt for both colonies was £9,000,000 in round numbers, of which the Victorian share was £5,200,000. Taking into the account the amount of bullion and specie, both inwards and outwards, a pronounced change is observable in the trade balance after 1852, i.e. almost as early was limited to something like £3 per ounce. No wonder that enormous shipments of merchandise of every conceivable kind and character poured into the colonies, where they not only found a profitable market but could command returns in the shape of exchange or gold purchasable upon such advantageous terms. Nor marvel is it that prices soon found a more even level through all the available exports from the colonies being required to pay for the imports, which it should be mentioned included large shipments of British coin.'

<sup>1</sup> From Coghlan, *Labour and Industry in Australia*, and presumably based on the annual *Statistical Abstract for Colonial Possessions* published by the British Government. See also Tooke and Newmarch, *History of Prices*, pp. 791 *et seq.*