

of Europe is an exceedingly difficult matter. The complexities of long-established business, and the continuous movement of securities to and fro across frontiers make anything more than approximate estimates of the net migration of capital almost an impossibility. While these difficulties do not exist to the same degree in Australia because of the simplified economic structure and geographical isolation that were discussed earlier, the methods and distribution of capital importation are not easy to trace. Especially is this true for that portion, 'the speculative stream', which is invested privately. It reaches the country through so many carefully concealed channels, and from so many sources, and it assumes such diverse forms, that nothing more accurate than approximation can be attempted.

A very complete and concise instance of the effects of borrowing upon an isolated community is afforded by the statistics of New Zealand trade after 1872, and a brief survey of these will serve as an effective preliminary to the examination of the Australian figures. An increased flow of British capital began in 1872; and, for the next nine years, the average of borrowings was maintained at about £4,000 per annum for every thousand of population. After 1882 the stream of loans rapidly diminished; and, by the close of 1886, it was completely dry. A situation then arose in which not only was Britain declining to lend new capital but was not even re-lending sufficient of the old capital to balance New Zealand's interest payments. In the decade immediately following 1886 the community was faced with the alternatives of insolvency, or of paying unaided the whole of the interest bill. The contrast between the early years when capital was flowing in freely at the rate of £4 per head per annum, and the later years when £5 per head was being raised with extreme difficulty to cover the payment of interest on the overseas debt, is the key to the history of the colony over those two decades. The extraordinary prosperity of the early period when population was increasing at the rate of 10 per cent. per annum, when industries were prosperous and labour and enterprise handsomely paid, has to be set against the depression of the later years, when population was emigrating at such a rate that natural increase barely balanced the exodus, and when the standard of living had fallen in a startling manner. 'Scarcely