

invested £71 millions in Australia, the total of British investments in all the other colonies amounted to only £52 millions, an indication of the extent to which the British investor was obsessed by Australian investments.

In the following five years the public debt of Australia increased enormously. The new borrowings amounted to £33 millions of which £12 millions went to Victoria, £10 millions to New South Wales, and £11 millions to the four other colonies. During the period a further £8 millions was also borrowed for redemption purposes. In addition municipal borrowing was carried out on a grand scale, chiefly on debentures of various kinds; and, as we have seen, the financial institutions received enormous sums on deposit. Assuming a rate of increase equal to only two-thirds of that in the period examined by the *Economist*, a very conservative estimate indeed, a total of new debt amounting to £80 millions is obtained for the following five years, of which £33 millions is accounted for by public borrowing. By 1892, therefore, the amount of British investments reached at least £300 millions, and this total does not include a very large amount of privately invested capital for which no financial record exists. Coghlan estimates that these unrecorded investments could not amount to less than £40 millions; and we are thus on safe ground in estimating that the total public and private debt of the Australian colonies reached, at the very least, £350 millions by the beginning of 1893.<sup>1</sup>

In 1892 an attempt was made by Pulsford to trace the movement of British capital into Australia for the preceding fifteen years by means of the balance of trade. This affords a very rough and inaccurate test; but, by balancing exports against imports, he arrives at the estimate of £92 millions for the period. In the face of the difficulties involved in reconstructing the whole balance of indebtedness for the period this estimate must suffice as a basis for examination.

Having regard to the development sketched in the last chapter, it is important to estimate the distribution of this new

<sup>1</sup> Mulhall, *Dictionary of Statistics*, gives the average interest rates for the successive decades upon British capital investments as follows: 1851-60, 4.17%; 1861-70, 4.24%; 1871-80, 3.23%; 1881-5, 3.3%.

In 1890 Coghlan estimated the annual payments made overseas for interest, calculated at an average rate of 4 per cent., would indicate a capital of more than £130 millions.