

As would be expected, this great volume of imported capital completely reversed the relations between commodity exports and imports. The effects of the great acceleration began to show in the figures for overseas trade as early as 1890. The excess of imports abruptly changed in 1892 to an excess of exports, a relative position that was maintained unbroken until 1914. So sudden and striking is the change-over, that the intimate connexion between capital imports and overseas trade stands revealed as the real heart of the problem for the investigator.

In view of the fact that the crisis of 1893 is still regarded in some quarters as a banking collapse, pure and simple, a brief examination of the banking position will be in order. The monetary system at this time was so organized that a large expansion of the circulating medium could follow from a comparatively small increase in the gold reserves. That this increase was not inconsiderable is proved conclusively from the figures of the accompanying table; but it is a matter for wonder that, under the extraordinary circumstances of the time, the inflation was not of a much higher order. If we have regard to the great flood of capital which deluged the country after 1880 it is surprising that inflation was not greater. One feature of

TABLE XVI

*Reserves, Deposits, and Advances of all Banks in Australia*<sup>1</sup>

(In Millions Sterling)

<i>Year.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Advances.</i>	<i>Ratio reserves to deposits. Per cent.</i>
1887 . .	14.8	79.9	93.9	18.6
1888 . .	16.5	88.5	105.4	18.3
1889 . .	15.6	92.2	118.7	16.8
1890 . .	17.8	97.5	122.3	18.2
1891 . .	17.5	97.6	125.5	18.4
1892 . .	17.7	98.6	127.5	17.9
1893 . .	17.7	95.1	120.6	18.4
1894 . .	20.6	87.8	105.4	23.4
1895 . .	21.5	82.0	102.8	26.2
1896 . .	23.6	84.0	98.4	28.1
1897 . .	21.3	84.8	96.8	25.0

<sup>1</sup> Commonwealth Bureau of Census and Statistics, Finance Bulletin No. 11. This bulletin contains an extensive series of comparative banking statistics from 1884.