

The movements of the two curves then revealed a consilience that is singularly perfect. In the twenty-five years represented, the movements of the curves are in opposite directions only in the 1901-4 period, when there were extraordinary circumstances of national emergency connected with the war in South Africa. More perfect correlation than that obtained in the decade 1904-14 could scarcely be imagined, and the control exercised upon Australian gold reserves by fluctuations in the volume of loans may be accepted beyond the possibility of question. In its turn the volume of bank credit varies with the size of the gold reserves, and the connexion is complete.

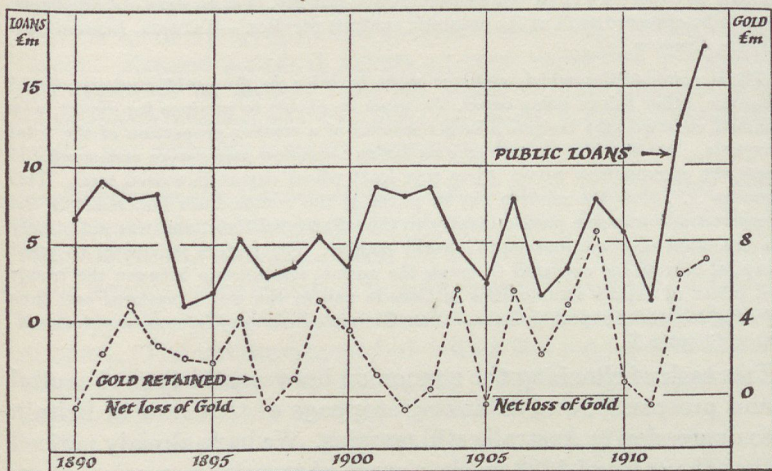


FIG. VIII. PUBLIC LOANS AND GOLD RETAINED, 1890-1914

*Plottings for gold movement retarded one year.*

The plotting of overseas loans only, by the elimination of domestic loans which rose from 10 per cent. in 1890 to 23 per cent. in 1910, has no perceptible effect on the parallel movements of the two lines shown in the graph.