

settlement had passed; and the stage of expansion and the moving frontier was merging into that stage of consolidation marked mainly by the need for capital. From about 1870 onwards one of the great bursts of international capital movement was associated very intimately with railway construction in most of the new lands; and, without sufficient counting of the costs, expansion was pushed on recklessly in both Australia and the United States. The crisis of 1873 was the nemesis in the United States just as that of 1893 was in Australia.¹

'The collapse', to use Taussig's words, 'was as severe in the United States as elsewhere, and—what is significant for our subject—led at once to a reversal of the relation between imports and exports. Imports suddenly dropped and continued low until the end of the decade. Exports increased almost at once, continued to expand, and began to be greater than the imports. The situation thus dramatically initiated was thereafter maintained for over forty years, until a new dramatic overturn came with the Great War.'

So singular is the precise application of these words that, with the substitution of 'twenty' for 'forty' years, they might have been written of Australia after 1893. But the facts of capital loans dominate the situation in both countries to such an extent as to put the possibility of a mere coincidence completely out of court. The circumstances but reflect the long-period effects of two large-scale, but identically similar, experiments in capital injection carried out in different laboratories.

The course of events in Great Britain during this time was in nearly every respect the complement of that in the United States, Canada, and Australia. In particular, the international trade of Australia and Great Britain represents 'two aspects of one and the same series of operations. More especially *the loans of one and the borrowings of the other were closely connected with the recurring alternations of activity and depression.* The export of capital from Great Britain increased rapidly during the upswing stages of the several cyclical periods, and her excess of merchandise imports then declined: relatively her exports became greater.'² The same stages appear in both Australian and American experience. In Australia, after a period of vacillation, imports achieved an overwhelming dominance during the

¹ Taussig, *International Trade*, Chapter XXIV.

² Taussig, *ibid.*, p. 283.