

figures for gold retained in the Commonwealth for the first half-dozen years of the period is of particular interest. The contrast between the £6 millions retained in 1905 and the net loss of nearly a million in 1903, despite the fact that gold production was in that year a record for the decade, is a direct reflection of the effect upon gold stocks of good and bad seasons. A series of dry years meant a deficiency in exports which had to be made good by gold shipments. The small quantity of gold retained in the early years is sharply contrasted with the high and relatively steady figures for the years from 1907 to 1911. The sharp decline in 1911 and 1912 constitutes a considerable loss of gold which again has to be contrasted with the very high retention of nearly £8 millions in the next year. The correlation with the upswing of capital import and the adverse movement of the commodity trade balance is again too clear for doubt.

The records of price movements during the period also contain evidence of the utmost importance. Over these years of heavy but unevenly spread borrowing we should expect prices to rise more rapidly than for Great Britain during the acceleration phases; and to display a marked convergence towards Great Britain following the stoppage of loans and the onset of financial stringency in Australia. With this in mind the graph of wholesale prices in Great Britain and Australia for the period is of importance (Fig. XI). The long-period rising trend in prices is clearly exhibited by the parallel moving-average curves; and the Australian price-level relative to the British, rose in the earlier and fell in the later phase of the borrowing cycle. A slight tendency for the levels to approach one another towards the end of the period is discernible, but is not clearly marked. Indeed the great outburst of loans in 1912 and 1913 would lead us to expect otherwise. The coincidence of financial stringency with the break in prices is very emphatic for the three periods of crisis.

The effects of borrowing, however, should be more clearly indicated when the sectional price-levels for export, import, and domestic commodities are compared. While the statistical data, especially on the side of imports, is defective in some respects, the material available is far more complete and accurate than that obtainable for the 1880-93 period. It is therefore a matter for satisfaction to find once more that the phenomena