

III. *Capital Investments and Interest Payments.*

After 1850 the practice of floating Australian loans in London almost eliminated domestic loans. But the stoppage of the flow of capital from Great Britain after 1893 and the increasing surplus of domestic capital led, during the period after 1900, to the placing of many redemption and other loans entirely within Australia. This is, indeed, the outstanding financial feature of

TABLE XXXIII
*Government Loans raised and Interest Payable Abroad*¹

Year.	Loans raised. £ m.	Total held in London. £ m.	Average rate on debt per cent.	Interest payable abroad. £ m.
1901 . . .	5.2	174.8	3.68	6.433
1902 . . .	6.7	181.5	3.64	6.608
1903 . . .	5.0	186.5	3.78	6.775
1904 . . .	1.7	188.2	3.62	6.805
1905 . . .	0.7	188.9	3.63	6.847
1906 . . .	2.0	190.9	3.63	6.911
1907 . . .	—	185.6	3.60	6.687
1908 . . .	—	183.3	3.60	6.591
1909 . . .	6.1	189.4	3.58	6.771
1910 . . .	2.6	192.0	3.57	6.855
1911 . . .	—	183.2	3.57	6.544
1912 . . .	6.8	190.0	3.57	6.775
1913 . . .	14.4	204.4	3.60	7.351

the first decade of the Commonwealth; and there is little doubt that the rapid increase in domestic holdings of Australian government securities has done much to increase confidence overseas in these loans. Between 1900 and 1913 the portion of the public debt raised in London increased from £174.8 millions to £204.4 millions, while the portion raised in Australia rose from £28.8 to £90.1 millions. In other words the proportion of the public debt raised at home rose from 14.1 to 30.5 per cent., in itself some indication that the capital previously borrowed was largely reproductive.

By comparison with Leffeldt's estimate of the return on large colonial investments (Table XXXV) it will be seen that Australia had borrowed very advantageously, despite the fact that interest rates were relatively high until 1890. By 1900 the

¹ Finance Bulletins, Commonwealth Bureau of Census and Statistics.