

rate asked for long-term loans had declined to an abnormally low level. A further fact of importance is that the increase in the amount of the debt was more than counterbalanced by the growth of population, and by the rise in prices. Comparing the public debt at the 1901 price level, the burden per head fell from £53.27 to £50.01 per head by 1913.

Looking back over this period with particular attention to the annual overseas debt for interest, the most striking feature is the almost uniform amount of this item. This must be considered in relation to the whole record of business which, despite the three difficult episodes of 1903, 1907-8, and 1912-13, exhibits stability and soundly based prosperity to a greater degree than any other period of our history. Steady industrial expansion, rising productivity, easy banking, and a relatively heavy volume of immigration all bear witness to the progress of the time; but, it is also noted, there is no lack of evidence of that tendency to accumulate liabilities beyond the limit which could be justified by the *normal* production of the country. The prosperity and easy money of the golden years after 1906 revived the temptation to promote over-expansive schemes in public and private business. Optimism once more overshot the bounds of prudence; and the concluding portion of this chapter will demonstrate how heavily the indebtedness so lightly undertaken in the middle years began to weigh at the end.

Australian financial history after 1900 is marked by another feature of major importance, and that is the tendency to approach the London market for 'business' loans of one sort and another. But, while the evidence of heavy private investment at this period is undoubted, the estimation of its volume is a matter of the greatest difficulty. Private investments, as Viner rightly remarks, 'take a great number of forms; in most cases they receive little publicity, and no comprehensive and systematic attempts have ever been made to compile annual totals for such investments from actual information'.¹ The to and fro movements of securities are so difficult to detect, the volume of transfers so entirely impossible to estimate, and the methods of transfer from one country to another so varied and devious, that one can be sure of one thing only—the under-statement of the total liability under this head. The incentive to evasion of

¹ Viner, *op. cit.*, p. 120.