

that the amount of privately invested capital rose from £125 to £150 millions between 1900 and 1913. In order to determine the amount of the return upon this capital the average rate of interest upon capital invested during the period was estimated from various sources, and the computation is presented in the next table.

TABLE XXXV  
*Estimated Rate of Return on Private Capital*

Year.	Lehfeldt. <sup>1</sup>	Australian productive activity. <sup>2</sup>	Average of 12 companies. <sup>3</sup>	Estimated Average.
1901 . . .	3.4	100	5.4	4.4
1902 . . .	3.2	—	5.0	4.0
1903 . . .	3.2	—	4.2	3.5
1904 . . .	3.8	—	4.8	4.2
1905 . . .	3.8	—	4.0	4.4
1906 . . .	3.9	123	5.0	4.7
1907 . . .	4.0	127	5.6	4.8
1908 . . .	4.0	119	5.5	4.2
1909 . . .	4.0	131	5.1	4.8
1910 . . .	4.2	142	5.2	4.9
1911 . . .	4.0	134	5.5	5.4
1912 . . .	4.3	128	5.2	5.2
1913 . . .	4.4	138	5.4	5.0

The estimates made by Lehfeldt based on the return for preference and government stocks issued in London have little bearing upon the immediate problem; but they are of interest in marking the general trend of interest rates during the period, and the minimum return which might be expected upon capital. The steady increase in productivity as indicated by the official index of productive activity, and the ready market which existed for Australian loan issues, would seem to indicate that a fairly high relative rate of interest might be expected; and this was confirmed by the analysis of the dividends of twelve representative companies. The estimate of average yield can, therefore, scarcely be considered too high in the light of all the circumstances of the time. It now remains to estimate the total of interest

<sup>1</sup> Lehfeldt, 'The Rate of Interest on British and Foreign Investments', *Journal of the Royal Statistical Society*, Jan. and Mar. 1913.

<sup>2</sup> Commonwealth Bureau of Statistics, Labour Report No. 13, p. 88.

<sup>3</sup> From *Insurance and Banking Record*, for 2 banks, 3 mercantile agencies, 2 life and fire assurance companies, 2 mining companies, 3 industrial companies.