exports after that date, gold is flowing out freely when we should look for its retention. Nothing in the theory of international trade accounts for the anomalies; and we are forced back upon the double effect of external borrowing and internal inflation, coupled with the embargo upon gold export, for a satisfactory explanation.

TABLE XLI

Gold Movements and Imports of Capital, 1915–28 [1]

Year.	*Gold production.* £ *m.*	*Stocks.* £ *m.*	*Imports.* £ *m.*	*Exports.* £ *m.*	*Retained.* £ *m.*	*New loan.* £ *m.*
1915	8·270	64·134	0·868	2·908	6·230	5·1
1916	7·076	70·364	0·780	10·758	−2·902	4·3
1917	6·185	67·462	0·272	12·015	−5·558	18·6
1918	5·408	61·904	1·652	7·389	−0·329	20·9
1919	5·454	61·575	7·071	9·190	3·335	0·5
1920	5·494	64·910	0·046	6·634	−1·094	10·8
1921	4·018	63·816	0·020	5·465	−1·427	11·3
1922	3·545	62·389	0·043	4·877	−1·289	42·2
1923	3·151	61·220	0·031	3·301	−0·119	3·9
1924	3·144	61·1	0·062	3·812	−0·606	48·1
1925	2·375	60·494	10·543	2·043	10·875	0·1
1926	2·214	71·369	0·421	5·489	−2·854	37·5
1927	2·159	68·815	0·589	12·303	−9·555	11·8
1928	1·939	58·96	1·008	3·740	−0·793	54·3

Borrowing and the exigencies of war-time finance between them forced Australian overseas trade during this period into new channels. The inability of Europe, and of Great Britain in particular, to supply in the old way either the capital or consumption goods which Australia required, together with the swelling indebtedness of Great Britain to the United States, were responsible for the development of a trade relation among these three countries that has been widely misunderstood. The raising of great Australian loans in London during the war became possible only through the huge credits placed at the disposal of Britain by the United States. The chain was completed as far as the Commonwealth was concerned by America furnishing a proportion of Australian imports many times

[1] Commonwealth Year Books, Nos. 10–21, and *Quarterly Bulletins of Statistics*, Nos. 85–115.