

ciples of thrift, to the removal or at least to the depression of the stimulus to private enterprise, to the acceleration of that spurious form of enterprise which we have, with probably little justification, labelled speculation, and to an attitude of dependence upon government initiative in development which has gone far to undermine the economic virility of the Commonwealth. That this is a hard saying, as painfully obvious to the present writer as to the most unreflective patriot, need not be doubted; but so conclusive is the evidence that it is 'worthy of all acceptance'.

In its political aspect the situation we have described leads to many evils that are, of course, fundamentally economic. Under a party system of government such as that which characterizes British communities, unrestricted borrowing facilities tend to be translated into experimental social legislation which, however praiseworthy in a social sense, is economically unjustifiable. The capital wherewithal for the indulgence of political whims is too fatally accessible; there is, in effect, an apparently unrestricted supply of cloth for cutting coats of many unserviceable patterns.¹ But the primary evil is to be detected in the possibility which is held out to political parties of bargaining for power with borrowed money. That this condition is inseparable from our present financial organization, and that other communities in a similar stage of development to that of Australia have done likewise, is beside the question. If, as we believe, there is a good case presented for an economic examination of the Australian position in common with all other borrowers in the same category, the hostile critic is likely to prove in the end the best friend.

The purely economic dissection based upon the evidence accumulated in the preceding pages would be directed towards a solution of the following problems. What are the purely economic tendencies to be observed as a result of long-continued external borrowing? Which of them are adverse to prosperity, and, particularly, to the maintenance of the high standards of living to which we have become accustomed? On balance,

¹ 'No readier or more dangerous mode of increasing debt can be found than the execution of public works that are not economically productive. Vague assertions of indirect benefits should not be allowed to conceal the fact that "improvements" of this kind should be paid out of income, and cannot be regarded as investments in the proper sense of the term.'—Bastable, *op. cit.*, p. 627.