

of an excellent piece of statistical analysis. But it scarcely affects the main question as to whether the productiveness of the public debt justifies continued borrowing abroad, or, in fact, whether it ever has justified that policy. For it is difficult to concede that the expenditure of external loans would either be as carefully administered or as fruitful as the expenditure of a similar amount of domestic savings by means of internal loans. Nor can it be said that the lengthy array of government deficits and private insolvencies in recent years affords empirical support to his argument.

Impartial consideration of the statistics of the position, indeed, scarcely justifies the complacency with which Dyason regards the national position.¹ Neither his own analysis nor the facts of recent experience in the economic life of Australia would seem to support his statement that 'the nation has now fully recovered from the losses inflicted by the war'. Still less can his dictum be accepted that 'the burden of indebtedness does not begin to approach the danger-point either to debtor or creditor'. If the point he has in mind marks the arrival of national insolvency he is undoubtedly right. If, however, he refers to the point where diminishing returns begin to operate, that point is not being approached, it is already far behind. Uneasiness concerning this aspect is, in fact, indicated by his admission that 'the figures of national income per head over the past sixteen years, when reduced to pre-war values, are not so encouraging as to make it certain that large expenditure of loan moneys on development has produced corresponding benefits in production'.

¹ For a careful analysis of the productive capacity of the Australian public debt see the less sanguine statistical summary by Sir Lennon Raws, 'Australian Loan Expenditure', *Economic Record*, Nov. 1928.

The permanent equipment upon which loan money has been expended in the Commonwealth is indicated by the following table:

Summary of Loan Expenditure in Australia.

	£ m.		£ m.
Railways and Tramways	332	Public Buildings	25
Irrigation and Water-works	122	Posts and Telegraphs	22
Advances to Settlers	54	<i>Costs of Raising Loans</i>	20
Harbours and Rivers	40	Electric Supply	17
Industries and Mines	37	Advances for Houses	15
Closer Settlement	37	Immigration	6
Roads and Bridges	27		

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