

been associated with healthy business; nor, on the other hand, have poor seasons invariably coincided with depression.¹ That this is substantially true cannot be doubted; and the reason, at any rate in recent years, is to be found in the diminishing dependence of the total volume of Australian production upon weather conditions. The balance which is being established between primary and secondary industries, the application of science to Australian rural problems, the measures to combat the onset of drought which have been taken in every state, the improvement in transport facilities, the progressive exploitation of new resources, the great extent of the continent, its climatic variety and the improbability of adverse seasons affecting the whole area simultaneously, all these are helping to stabilize production. The steady uninterrupted march in the total value of production is sufficient evidence of this fact.

That there is a diminishing degree of coincidence between seasonal conditions and business fluctuations merely emphasizes the importance to be attached to the effect upon the domestic credit situation of the introduction of capital. The wide swings in business prosperity have been traced in every major instance to abrupt fluctuations in the rate at which capital was being introduced, and to the strain thrown upon the banking organization by the necessity for adapting Australian monetary policy to the condition of world credit as expressed by the readiness or reluctance of London to lend on long terms for Australian development.

That a more scientific control of borrowing from the Australian end has not been developed is, of course, due to the fact that all branches of business, and particularly importing and contracting enterprises, are vitally interested in promoting and maintaining the flow of foreign capital. Large annual loans mean an enlarged purchasing power which is radiated to the remotest settlement in the country, they mean expanding customs revenue and easy conditions for government finance, they mean a large volume of merchandise passing through warehouses, they mean corresponding stimulation of exports and that spells satisfaction to export agencies, they mean profits to the banks and to the smallest traders. The farmer, expectant of subsidies

¹ See Copland, Appendix to Development and Migration Report on Unemployment, 1928.