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pared with the total estimated importation of capital for the period, in an attempt to establish the exact relation between these two facts in the situation. Later, the position established under pre-war conditions will be compared with the post-war situation, and an endeavour made to indicate the essential similarity between them.

I. *The Commodity Balance of Trade.*

The real significance of the total values of commodity exports and imports has already been broadly examined in connexion with the terms of trade. For the purpose of reckoning the balance of indebtedness over the whole period, however, a more accurate analysis is now necessary. Happily for our purpose, the Australian trade statistics are unusually complete and well arranged, and any elaboration of the data given in official publications is not called for. Beyond the actual tabulation of the figures for overseas trade little is required but a brief explanation of the method of recording exports and imports, and a short note or two upon the relevant table set out below.

The recorded value of imported commodities represents the amount on which duty is payable, or would be payable if the duty were charged *ad valorem*. 'The value of goods is taken to be 10 per cent. in advance of the fair market value in the principal markets of the country whence the goods were exported, the increase being roughly intended to represent the cost plus insurance, freight, and other charges to the place of landing.'[1] Ten-elevenths of the recorded value has therefore been taken to represent the invoice value of inward cargoes. Since Australia is one of the chief producers of gold, the imports and exports of gold and coin have been included as ordinary items in the commodity balance.

The recorded value of exports represents the value 'in the ordinary commercial acceptance of the term' in the principal markets of the Commonwealth. The gross trade figures, however, are modified by imports from adjacent areas, e.g. the Pacific Islands and Papua, of commodities which come to

[1] Year Book of the Commonwealth, No. 3 (1910), p. 594.