

In the state of things outlined above we should expect goods imported into Australia to fall in price, and we should further expect a greater fall in the prices for imported than for domestic commodities or exported goods. Taking the indices for the chief domestic groups, viz. Meat and Dairy Produce, we find a recorded fall from 2,296 to 2,083 or a decline of 9 per cent. over the whole period. The prices for the three main export groups, viz. Wool, Agricultural Produce, and Metals, fell from 4,027 to 3,453 or 15 per cent. over all. The three typical import groups consisting of Textiles and Leather, Chemicals and Groceries (tea, sugar, coffee, tobacco, and kerosene), fell from 4,139 to 3,242 or a fall of 22 per cent. over the three groups.¹ After 1890, however, the normal trends of the borrowing cycle are masked by the phenomenal fall in prices for primary products and by the spread of a world crisis purely monetary in origin. The harmonizing of Coghlan's import and export indices (Fig. VI) with Knibbs' group prices, therefore, proved too difficult a task.

Money rates of wages, however, present the best single index of trade movements adverse to the prosperity of any community. It is unfortunate for the purposes of this analysis that no index of wages had been compiled for the years prior to 1901; and this constituted a serious difficulty in estimating the effects of trade movements upon welfare. Further, an index of wages was indispensable if the scheme devised by Taussig was to be applied with any prospect of success, and the rather troublesome feat of reconstructing the data had to be attempted. The result, however, abundantly justified the effort; and the completed statistical picture closely supports the conclusions reached by investigators for other countries. At the risk of becoming wearisome, therefore, it will be necessary to indicate as briefly as possible the steps by means of which an index of wages was constructed for the years covered by our period.

Nominal wages offered very little difficulty. The statistical registers of the various colonies contain continuous and reliable series of wage rates for the more important types of labour; and the result accords closely with the remembered experience of wage movements during those years. Retail prices for Sydney

¹ Knibbs, *Prices, Price Indexes, and Cost of Living in Australia*; Commonwealth Bureau of Census and Statistics, Labour Report No. 1, especially Appendix II containing an invaluable and extensive series of current retail prices and annual wholesale prices.