

## THE COST OF LIVING.

It has come to be regarded as a maxim among men of commerce that high prices spell prosperity. This is largely true, and it especially operates in this direction in a country like Australia, that has a large surplus of products for export. To-day the Commonwealth is prosperous beyond question, partly owing to the bountiful seasons having swollen her production, and partly owing to the high prices obtained for this surplus. According to official returns, prices at the close of last year were over 35 per cent. in excess for the average for the whole of 1901. This is a very striking increase. Ordinarily heavy production does not mean remunerative rates for producers. Indeed, it of necessity has a tendency in exactly the opposite direction. Supplies may easily overtake the demand, in which event depressed markets are the rule. In years gone by Australia has usually been unfortunate in this particular. When previously we had heavy surpluses, these have usually been times of low prices and glutted markets. It is not difficult to cast our memories back to the days when Australian wheat was only realising 20s per quarter at Mark Lane, our frozen mutton was fetching something below 2d per lb. at Smithfield, and the wool warehouses of the world were full of merino fleeces that were only saleable at a low level of prices. Fears were then being expressed as to the future of the pastoral industry. Now all this is changed. Not only are all pastoral and agricultural products realising handsomely profitable rates, but the output of our mines is also keenly sought after at prices the like of which have not ruled in modern times.

Of course there are two sides to every picture, and this is no exception to the general rule. There is the side of the consumer to be considered, as well as that of the producer. The man who receives a fixed income will derive little satisfaction from the fact that the producing classes are doing well. He will be liable to consider that their prosperity is in part at his expense. Fortunately, however, this does not altogether apply in Australia. It so happens that the advance in prices has been largely confined to such commodities as we export abroad, and applies but slightly if at all to such articles as we produce for our own use. The bounteous seasons have given us plenty of these commodities, which we consume locally, and these have not to any extent advanced in price. Certainly many lines of importation have risen in value in consequence of the continuous rise in the cost of the raw materials, which is their base, and doubtless this has had the effect to some extent of enhancing the cost of living. But on the whole the general advance in prices has been of great benefit to Australia, whatever hardship may have been inflicted in individual instances. With our surplus produce we pay interest on our external indebtedness, and if this surplus brings us high prices we have so much the more for our own purposes. To borrow money when prices are low, and to pay it back when they are high, is a sound principle of national finance. This affords another argument why we should at present borrow sparingly, if at all, but pay back as much as is conveniently possible.