

definition, but also to ensure that no constituent in the standard of life shall be overlooked when we come to deal with the improvement of the standard, or with proposals for decreasing the cost. Marshall's statement *re* England may be accepted with slight modifications for New Zealand: "The necessities for the efficiency of an ordinary agricultural or of an unskilled town labourer and his family in this generation may be said to consist of a well-drained dwelling with several rooms, warm clothing with some changes of underclothing, pure water, a plentiful supply of cereal food, with a moderate allowance of meat and milk, and a little tea, &c., some education and some recreation, and, lastly, sufficient freedom for his wife from other work to enable her to perform properly her maternal and her household duties."* Among the necessities for efficiency of our workers the chief are a plentiful and nutritious diet; warm clothing; adequate house-room; fuel and lighting; rest to secure physical vigour; leisure for home training; recreation; education (general and technical); freedom from oppression and repression to secure intelligence, resourcefulness, versatility, adaptability, and such moral virtues as temperance, diligence, enterprise, that are of great importance in the industrial life of the people. All these "goods" we may conveniently denote by the brief term "schedule of living."

4. The cost of living may therefore be regarded as roughly measured by the sum of money that represents the efforts and sacrifices necessary to obtain the goods for securing and maintaining a certain standard of existence and efficiency—or, in brief, necessary to purchase a certain amount of food, clothing, and other necessities and comforts. From knowledge of the actual conditions of the markets for necessities, and of the variations in the supply of and demand for these goods, every one recognizes that this cost of living is subject to frequent changes. The degree of these changes may be measured by the variations in the prices of the items in the schedule of living. If the sum of these prices be found to increase over a period we should deduce therefrom a rise in the cost of living; if it be found to decrease, a diminution in the cost of living. If there be changes in the various items in the schedule in opposite directions, and such as to neutralize the effects of one another, the sum total and the cost of living would be considered unaffected, though, owing to the different extents to which the demand for different things is affected by similar changes in price, it may happen that the net result is a real rise, or fall, in the cost of living. The difficulties suggested by the latter and other considerations are referred to later.

General principles followed in the measurement of changes in the cost of living.

5. It will now be seen that for an investigation into the extent of the changes in the cost of living it is necessary that there should be available accurate and representative records over a period of—(1) The nature and the amounts of the goods necessary for efficiency and comfort consumed by the people concerned; (2) the prices at which these goods are bought by the consumers; and (3) the relative importance, from the economic standpoint, of each commodity and service. This may be deduced from (1) and (2) by calculating the percentage which the expenditure on each is of the total expenditure on the articles in the schedule.

The records available in New Zealand are very imperfect, and the circumstances of this inquiry would not permit your Commissioners to supplement those already existing to the extent required to make a comprehensive and final pronouncement. The data used by the Commission may be classified thus:—

(1.) Dr. J. W. McIlraith's *Course of Prices in New Zealand from 1860 to 1911* (Government Printer): This gives the annual average wholesale prices in New Zealand, with their index numbers, of forty-five commodities selected on account of their representative character of commodities in general. The commodities are grouped as agricultural products, pastoral products, beverages, liquors, other food-stuffs, materials, oils, and minerals; and there are chapters on the significance of the price changes noted, as well as on the general principles followed by the author in his investigation.

(2.) *Inquiry into the Cost of Living in New Zealand in 1910–11*, by Mr. J. W. Collins, Editor of the *Journal of the Department of Labour* (Government Printer): This analyses the nature of sixty-nine budgets of family expenditure collected in the four cities during October–September, 1910–11, and is the first attempt that