

THE AUSTRALIAN

Dollar's fortunes are something we can feast on

HENRY ERGAS THE AUSTRALIAN DECEMBER 22, 2014 12:00AM



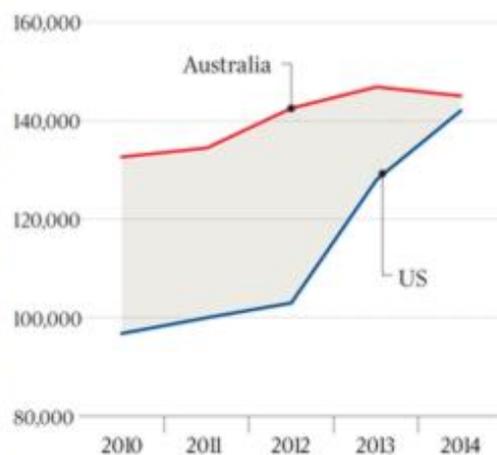
ANNUAL 12C INDEX

2014 prices

	Cumulative price*	
	US	Australia
Partridge in a pear tree	\$3045	\$1180
Two turtle doves	\$1680	\$550
Three french hens	\$2217	\$1875
Four calling birds (canaries)	\$6597	\$984
Five golden rings	\$7330	\$11,204
Six geese (laying)	\$3079	\$4200
Seven swans	\$51,313	\$63,000
Eight maids milking	\$354	\$675
Nine ladies dancing	\$36,911	\$28,440
Ten lords leaping	\$19,603	\$30,600
Eleven pipers piping	\$6439	\$2855
Twelve drummers drumming	\$3488	\$1557
Total	\$142,056	\$147,120

Christmas price index

Total cumulative price, in \$ at date of publication



US cost of goods expressed in AUD at 19-Dec-2014 RBA AUD/USD exchange rate

* Total price multiplied by the number of times the gift is repeated in the song

WHEN our Christmas Price Index, which measures the cost of purchasing all the items listed in **The Twelve Days of Christmas**, was first compiled, Australian suitors intent on giving their true love the full complement could save \$36,000 by hopping on a plane to the US, with the price difference across the Pacific more than sufficient to fund a romantic trip in first class for two.

But as the little Aussie battler, which bought slightly over \$US1 in December 2010, has fallen to some US80c, that saving has shrunk to a paltry \$5000, which barely covers our couple's cost, in cattle class, for what Qantas laughingly calls a seat.

Purchasing power parity, the exchange rate at which the basket costs no more in Australia than in the US, is therefore only a smidgin away. And were that the benchmark, the decline in the Australian dollar would be approaching an end. But yuletide fundamentals hardly govern financial markets. And as the currency capers continue, it would be unsurprising were our lords a-leaping and ladies dancing driven to drink.

After all, although the Federal Reserve may be letting the US dollar rise, the European Central Bank seems intent on forcing the euro to levels normally associated with the Argentine peso. Should it unleash its much heralded bout of quantitative easing, even mere scribblers would be able to bathe in imported champagne.

With so much to forget, a jeroboam of the bubbly would not go amiss. But even Byron, who swore off water for the "gushing freshness" of the great "Peacemaker", didn't ignore the dangers of imbibing on an empty stomach. Good thing Vladimir Putin has converted the rouble into rubble, bringing affordable

caviar to Australia's toiling masses.

The punters, however, may be too busy pummelling the slopes of Hokkaido to enjoy Putin's largesse. As the Bank of Japan, reinvigorated by Shinzo Abe's election win, unleashes its yen to print yen again, not even the best efforts of the Indonesian and Thai central banks to manage their own currencies will prevent a plummeting Japanese exchange rate convincing surfers to become skiers.

And with the Swiss National Bank pledging to prevent the Swiss franc appreciating, it isn't only the plebs who are winners. Aspen may be out of reach, but our *creme de la creme* can find consolation around the fireplaces of Saas-Fee, before jetting off (muttering a word of thanks to the Banco Central do Brasil) to Rio's sand, sin and samba.

Even in these straitened times, rich feasts may therefore lie ahead. No doubt, much might be said about whether they can last; and about the possible implications for the pastiche that is Australian economic policy (plot by Woody Allen, mood by Dostoevsky). What is certain, however, is that those feasts will differ greatly from the ones our carol's players could look forward to.

Not that their feasts were frozen in time. With cookbooks beginning to appear in print in 1470, noble lords and ladies might find old favourites, such as lamb joints baked whole in a pie, being given a new gloss, as gilding roasts with egg yolks just before serving, or adding saffron, with its gold-like colour, to dishes for special occasions, came on the scene.

But at least in the literary imagination, food was far more than taste and pleasure — it shaped life. When Francis Bacon wrote that the “the stomach is, as they say, the master of the house”, it was to remind his readers of the direct link by which “those things which comfort the stomach, do help the brain”. That direct link was infused with religious significance. It was after the fall, Milton explained in *Paradise Lost*, that man's fate became intimately bound up with how he eats: only if he eschews “gluttonous delights” could he hope to be “gathered for death mature” like an old plum, fallen to the ground, rather than snatched in life's prime like the “virtuous” apple Eve so foolishly “plucked”.

And what it was appropriate to eat had a firm national dimension, comically on display when Shakespeare's Sir Andrew Aguecheek tells Sir Toby Belch that “I am a great eater of beef”, before adding “and I believe that does great harm to my wit”.

“No question,” Sir Toby promptly responds; but while Thomas Elyot, a leading medical writer, agreed that generally, “cow's Beef maketh gross blood”, it was also true it suited the English, as “this climate requires stronger nourishment”, with “the common consent of all our nation” proving “how well (beef) does agree with the nature of Englishmen”. Who but an Englishman can we imagine exclaiming, as Fred Vincy does, coming down for breakfast in George Eliot's *Middlemarch*, “Eggs, no! Bring me a grilled bone”?

Little wonder not even Shakespeare, who so chided “distempered appetite”, left anything to compare with Ronsard's hymn to a salad. Food, just as it helped determine man's eternal fate, defined one's nation.

No longer; and how could it be otherwise? In Shakespeare's day, trade accounted for less than 5 per cent of calorie consumption, with almost all that being the cod and herring that caused Sir Toby's immortal hiccups. Now, its share far exceeds 50 per cent. A global world has global tastes, and is immeasurably wealthier for it.

But that also brings the shifts and shocks our price index traces, fixing our gaze on central bankers' every move.

Still, the "Time may come", Milton tells us, "when men with angels may participate, and find/No inconvenient diet, nor too light fare"; and so "improved ... at choice / Here or in Heav'nly Paradises dwell".

Until that happy day, a safe and merry Christmas; and from milkmaids to pipers, drummers to lords and ladies, may 2015 bring peace, health and prosperity to all.

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