

justify the adoption of 114 as the employment norm for those years. After the series had been constructed, it was discovered that the Commonwealth Bureau of Census and Statistics had constructed an index at 5-year intervals after 1891, and the close agreement of the results from these independent investigations is a matter for satisfaction. It must still be emphasized, however, that the index is open to the rather grave criticism that it takes no account of the exodus to the country as the employment in manufacture fell away, nor of the extent of unemployment in the primary industries, which was, indeed, not very serious.

It is now possible to construct an index of wages that is adjusted for (i) changes in the retail price-level, and (ii) fluctuations in employment. It must be noted that the fall in wages was accompanied by a fall in prices which, contrary to the usual experience in such circumstances, displayed very little 'lag'. The fall in prices is, therefore, 'masking' the effect of unemployment in the last two columns showing effective wages. The complete table is now given.

TABLE XIX  
*Wages Index for Australia, 1886-96*

Year.	Nominal wages.	Retail prices.	Effective wages.	Effective wages allowing for unemployment.
1886 . .	1,000	1,000	1,000	1,000
1887 . .	921	928	992	1,007
1888 . .	948	924	1,262	1,282
1889 . .	931	912	1,023	1,013
1890 . .	944	912	1,035	1,018
1891 . .	884	898	984	1,016
1892 . .	871	885	983	1,015
1893 . .	846	862	983	997
1894 . .	727	757	960	976
1895 . .	687	746	921	944
1896 . .	707	757	934	961

We are now in a position to measure quantitatively the relative disadvantage in which Australia was placed with regard to her overseas trade by the operation of the two main factors, excessive importation of capital in the first place and the fall in world prices, particularly for primary products, in the second.