

judgment of the High Court on the 21st April, 1933, the "basic" wage is taken to mean for the foregoing purpose, not only the "Harvester" wage but any "loadings" forming part of the primary wage of an unskilled labourer. A "loading" is defined as an addition to the "basic" wage as compensation for some peculiar condition of labour or environment, and not by way of "margin for skill." The wage payable for skilled labour is assessed on the basis of the "basic" wage, including "loadings."

The adequacy or otherwise of the "Harvester" standard has been the subject of much discussion, the author of the judgment himself urging on several occasions the need for its review. The abnormal conditions during and for some time after the war hindered such a review which was regarded as less urgent by reason of the fact that wages throughout Australia were being automatically adjusted to changes in retail prices. A Royal Commission (referred to later) was appointed in 1920 to assess a basic wage, but its recommendations were not carried out.

No change was made in the method of fixation and adjustment of the basic wage until the onset of the depression, which began to be felt severely during 1930. Applications were then made to the Court by employers for some greater measure of reduction of wages than that afforded by the automatic adjustments to falling retail prices. An account of the proceedings which resulted in the Court reducing all wages under its jurisdiction by 10 per cent. from the 1st February, 1931, is given in Labour Report No. 23, page 74. Reference is also made to the Court's refusal in June, 1932, and May, 1933, to remove this special reduction.

(ii) *Basic Wage Inquiry*, 1934. The "Harvester" standard, adjusted to retail price variations, continued as the theoretical basis of the wage of the Commonwealth Court until 31st May, 1934, when it was superseded by a judgment delivered on 17th April, 1934, full particulars of which appear in preceding issues of the Year Book. The basic wage declared on this occasion (known as the "Restoration Basic Wage, 1934") was as follows for the six capital cities:—

			<i>s.</i>	<i>d.</i>				<i>s.</i>	<i>d.</i>
Sydney	..	..	67	0	Adelaide	..	..	64	0
Melbourne	..	..	64	0	Perth	..	..	66	0
Brisbane	..	..	61	0	Hobart	..	..	67	0

Six Capital Cities. 65s. od.

The 10 per cent. special reduction in wages referred to above ceased to operate upon the introduction of the new rates, and the basis of the periodical adjustments to retail price variations was transferred from the "A" Series to the "C" Series of Index-Numbers. The latter Series covers Food and Groceries; Rent of 4-roomed and 5-roomed Houses; Clothing; Fuel; Light; Household Utensils; Household Drapery; Fares; and other Miscellaneous household requirements. The base of the table (1,000) was taken by the Court as equal to 81s. per week. This gave the above rates for the capital cities, which are proportionate to their respective index-numbers. In effect, the new rate for the Six Capital Cities was the same as that previously paid under the "A" Series, without the "Powers" 3s., and without the 10 per cent. reduction. Certain towns gained and others lost in comparison with rates under the "A" Series, owing to the different relationship of towns under the "A" and the "C" Series.

(iii) *Basic Wage Inquiry*, 1937. In May, 1937, the Commonwealth Court heard an application by the combined Unions for an increase in the basic wage. The Unions asked that the equivalent of the base (1,000) of the "C" Series Index be increased from 81s. to 93s. which on current index-numbers would have represented an average increase of about 10s. per week. The hearing extended from 10th May, to 4th June, 1937, and the Court delivered judgment on 23rd June. The chief features of the judgment were—

(a) Various amounts were added to the basic wage not as an integral, and therefore adjustable, part of that wage, but as "loadings" on the rates that would have been payable under the "shilling table" as determined by the 1934 judgment. The latter

was referred to in the judgment as the "needs" portion of the total resultant basic wage. The "loadings" and resultant "total basic wages" for the six capital cities were as follows :—

City.	"Needs" Basic Wage.	"Loading."	Total Basic Wage.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Sydney	72 0	6 0	78 0
Melbourne	69 0	6 0	75 0
Brisbane	68 0	6 0	74 0
Adelaide	68 0 (<i>a</i>)	4 0	72 0
Perth	70 0 (<i>a</i>)	4 0	74 0
Hobart	70 0 (<i>b</i>)	4 0	74 0
Six Capitals	70 0	5 0	75 0

(*a*) An additional 1s. was actually being paid under the "2s. minimum adjustment" provision.

(*b*) Represents 1s. gain on rate actually being paid.

The above were not to apply to railway employees, to whom the Court granted "loadings" of 5s. in New South Wales and Victoria, and 3s. in South Australia and Tasmania. Workers in the provincial towns were to receive "loadings" 6s. in New South Wales, Victoria and Queensland: and 4s. in South Australia, Western Australia and Tasmania. The Maritime workers were granted a "loading" of 21s. 6d. per month, and the Pastoral workers received increases proportionate to the increase of the flat basic rate, from 68s. to 77s. in respect of the basis of piece work rates. Station hands received an increase of 3s. per week.

The "loadings" were to come into operation by instalments as follows :—

"Loading."	Instalments.	Date of Operation. (First pay period to begin in—)
<i>s. d.</i>	<i>s. d.</i>	
6 0	3 0	July, 1937
	3 0	October, "
5 0	3 0	July, "
	2 0	October, "
4 0	2 0	July, "
	2 0	October, "
3 0	2 0	July, "
	1 0	October, "

The Maritime, Pastoral and Gas Workers' increases were to become fully operative in the first pay period in July.

(*b*) The former proviso that no adjustment of wages should take place unless the amount of variation reached at least 2s. was rescinded in favour of minimum variations of 1s. per week.

(*c*) The general policy laid down in the previous judgment in regard to rates for country towns was retained, with the exception that the rates for Geelong and Warrnambool were made the same as those for Melbourne.

(*d*) The basis of the adjustment of wages in accordance with the variations shown by retail price index-numbers was transferred from the "C" Series to a special "Court" Series based upon the "C" Series, for an explanation of which see page 574.

(*e*) Female and Junior rates were left for adjustment by individual Judges when dealing with specific awards.

The main parts of the Judgment are reprinted below :

BASIS OF CLAIM.

"The Court is asked by united applications on behalf of organizations of employees covered by its awards to increase the basic wage prescribed therein by an amount which on the present adjusting index-numbers would average about 10s. and also to prescribe that the minimum wage for adult females shall be 60 per cent. of the basic wage for males. The application was made mainly on the ground that since 1934 economic recovery as reflected in increased productivity and national income and the restoration of the level of export prices had been great enough to justify more than full restoration of the basic wage operating at the time the 10 per cent. reduction was made. In the main, restoration of productivity and of national income to the 1929 level notwithstanding alterations in the economic structure was established. The Court in effect was faced with the converse position to that which led it to decide on a reduction in 1931 and it was contended that "all economic arguments then advanced in favour of a reduction should now be reversed and used in favour of an increase". The main arguments which led to the reduction were—

Decline in national income ;

Increasing unemployment ;

Violent fall in export prices ;

Sudden cessation of the expenditure by Governments of moneys borrowed from overseas ; and

The precarious position of primary industries.

The evidence as to the extent of economic recovery since the date of the Court's 10 per cent. reduction order can be summarised as follows :—

Primary Production.—The following table prepared by the Commonwealth Statistician shows the quantitative production of the principal primary products increased by 25 per cent. between the years 1925-26 and 1934-35 :—

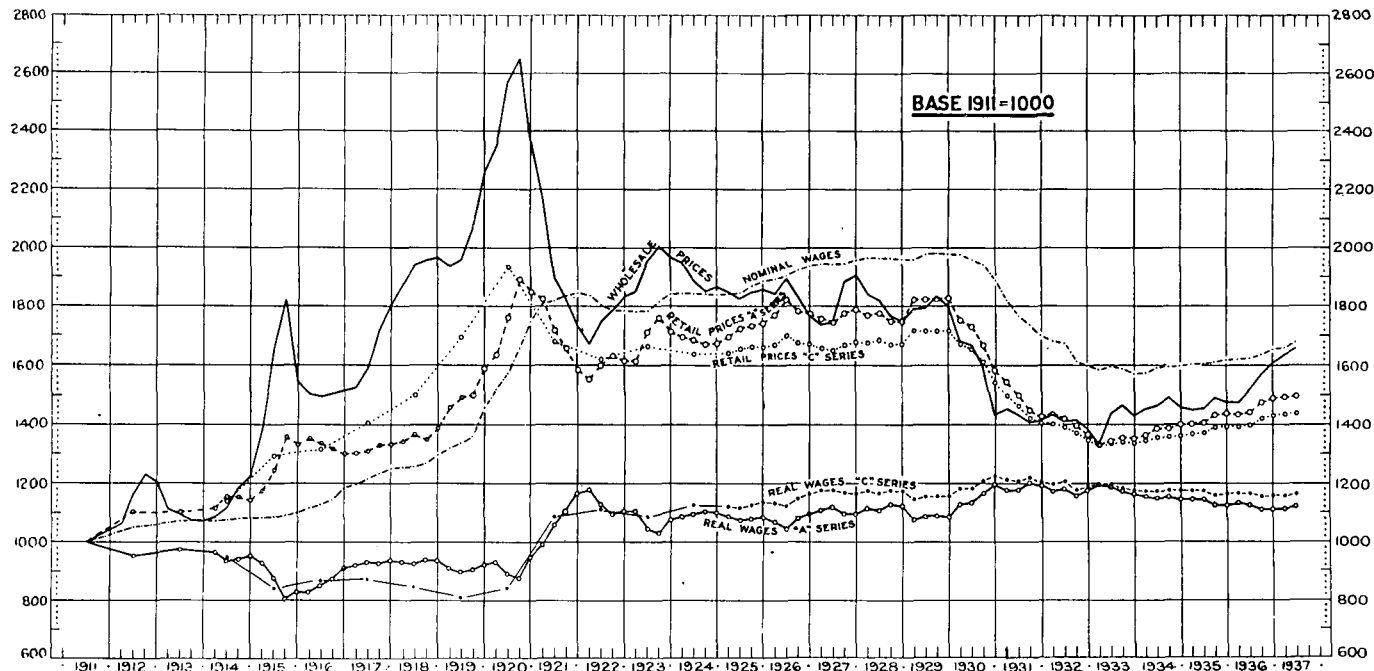
INDEX-NUMBER OF QUANTITY PRODUCTION IN AUSTRALIA.

Industry and Group.						1925-26.	1934-35.
Agriculture—							
Cereals	..	..	..	..	..	1,000	1,219
Root crops	..	..	..	..	..	1,000	995
Fruit	..	..	..	..	..	1,000	1,186
Miscellaneous	..	..	..	..	..	1,000	1,233
Total Agriculture						1,000	1,206
Pastoral—Wool						1,000	1,218
Dairy produce	..	..	..	..	..	1,000	1,431
Total						1,000	1,255

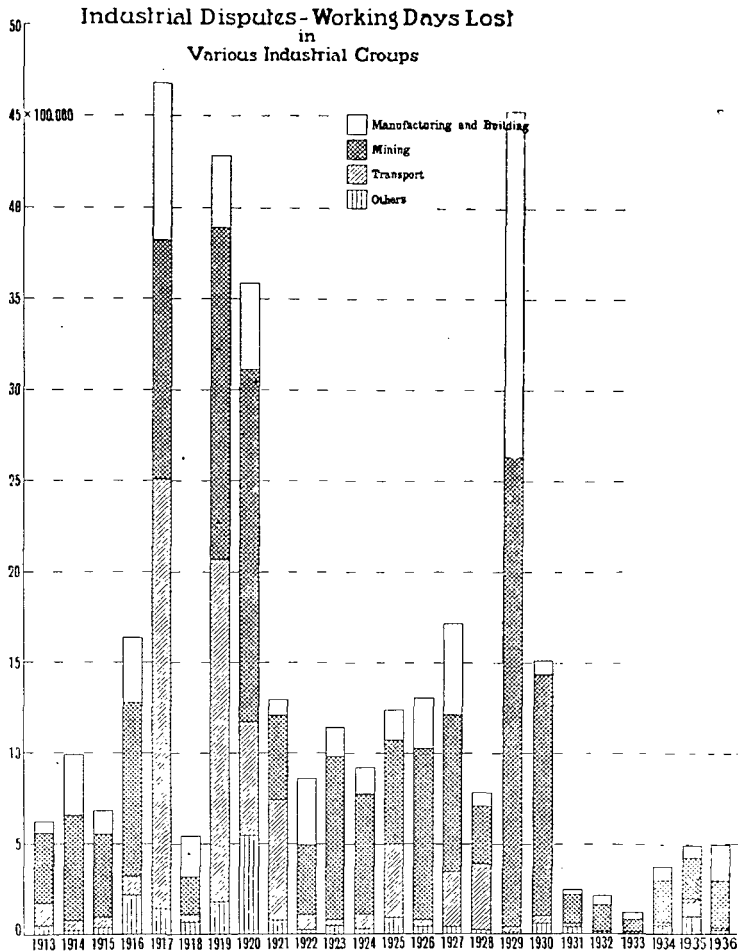
During the same period the number of persons permanently employed in rural industries increased from 432,134 to 451,177 or approximately 5 per cent. Such later figures as are available indicate that since 1935 there have been only the usual seasonal variations in quantities. Taking the export price index-number as a guide the general average of prices prevailing in 1928-29 has been restored.

The increased production of gold at higher prices is too well known to call for comment. Prices for base metals are higher than in 1929.

WHOLESALE AND RETAIL PRICES, NOMINAL AND EFFECTIVE OR REAL WAGE INDEX-NUMBERS, AUSTRALIA, 1911 TO 1937.



NOTE.—The index-numbers in the above graph are for the Six Capital Cities as a whole, with the exception of those for Wholesale Prices which are for Melbourne. They are all calculated to the common base 1911 = 1,000, the scale for which appears on the left of the graph. They are shown *quarterly* from the year 1912 in the case of the "A" Series Retail Prices (food, groceries and rent of all houses) and Wholesale Prices (Melbourne). The "C" Series Retail Prices (food, groceries, rent of 4 and 5 rooms, clothing and miscellaneous household expenditure) are shown *quarterly* from the year 1925. Nominal Wages are shown *quarterly* from 1914, and Real Wages *quarterly* from 1914 for the "A" Series, and from 1925 for the "C" Series.



EXPLANATION.—The scale refers to working days lost in hundred thousands. Thus, taking the year 1917, and comparing the shaded and blank sections with the scale, it will be observed that about 870,000 working days were lost in Manufacturing and Building, over 1,300,000 in Mining, over 2,300,000 in Transport, and about 150,000 in other industries.

Manufacturing.—Manufacturing industries since 1928-29 have been more than restored to the 1929 level.

The total value of production computed on the basis of retail prices in 1911 between 1928 and 1936 increased from £93,906,619 to £102,592,707 with less than 1,000 increase in the number of employees engaged. The value of production per employee computed on the same basis increased from £208 in 1928-29 to £228 in 1934-35. Such figures as are available disclose that this increase has been maintained since 1936.

Public Finance.—Public finance has vastly improved. States still have budgetary difficulties to contend with mainly owing to deficits in railway undertakings. These difficulties have been taken into account in fixing the railway rates as hereafter appear. Increases of revenues which keep pace with general increase in prosperity, provided due economy is shown and there is no undue haste in remitting emergency taxation, should before long enable Governments to pay their way.

Private Finance.—In the general field of commerce and finance, distributed profits and reserves, adjusted in the same way as wages according to the present purchasing power of money, have been steadily increasing since 1934, and judging by the latest balance sheets available are still on the up grade. The remarkable increase during the last twelve months in the quoted values of shares in public companies indicates that confidence in present and future stability of private enterprise has been re-established.

NATIONAL INCOME AND EFFECT OF CESSATION OF OVERSEAS BORROWING.

“Using such methods of calculation as are available it may reasonably be inferred that real national income per head is now as great as before the depression. Unemployment has rapidly decreased, and at the moment, with a falling trend, is little if any in excess of that of normal years. Export prices have reached the level of 1928. The Commonwealth has adapted itself mainly by increased manufacture to the absence of overseas borrowing. An able economist called as a witness by the Court—Mr. Reddaway—who, as well as his own opinion, voiced that of eminent economists of the University of Melbourne well acquainted with Australian conditions, effectively contended that ‘The effect of overseas borrowing was that men were employed in what was virtually export industry. They were producing public works of various sorts, and although these were not physically exported yet the same immediate effect was obtained by exporting corresponding government obligations. These ‘exports’ enabled Australia to obtain various commodities as imports in exchange. When the borrowing ceased this particular export industry was of course extinguished. The immediate effect was disastrous because the Australian economy could not be readjusted in a day. But if time were allowed for adaptation then there need be no permanent fall in employment and the effect on consumption should be quite small. Previously men had been producing public works for export and obtaining manufactures in exchange; they had now to be transferred either to other export industries, or to producing the manufactures in Australia. Once this was done there would only be a loss of consumption insofar as the new occupations were less productive; and of course any loss on this account might be more than offset by improved efficiency in other industries. This process of adjustment has now been virtually completed. The figures for overseas trade for 1936-37 will show exports somewhat higher (in Australian-currency) than in 1928-29, and imports about £30,000,000 lower. The correspondence is remarkably good considering the other factors which might have altered. Moreover a direct estimate of the replacement of imports by home production was made by Mr. L. G. Melville of the Commonwealth Bank. Though necessarily subject to a considerable margin of error, this substantially confirmed the view that the expansion has replaced imports to about the value of the pre-depression borrowing.

So far, therefore, from the absence of borrowing being a source of weakness, it adds greatly to the strength of the position. The new method of manufacturing the goods in Australia (instead of importing them in exchange for the equivalent of public works) may not yield quite such good immediate results; we see this in the fact that the new industries receive protection so that £100 will not buy as much of their products as it would of imports. But this is a comparatively small matter representing a loss of real

income of perhaps £5,000,000; it has been much more than offset by increased efficiency in production as a whole which has been secured since 1929 and hardly needs consideration as a separate factor, whilst there is a very large item to be entered on the credit side in the fact that there is no longer a risk of sudden dislocation due to a restriction of loans. This increased security does not directly add to the immediate power of industry to pay higher wages, but it enables one to take a much more confident view of the future.¹

POSITION OF PRIMARY INDUSTRIES.

"As to primary industries, with the restored export price level the difficulties of graziers and farmers are now mainly attributable to causes which are not so seriously affected by wage level. As Mr. Reddaway further said—'With export prices at present levels the farmers' financial difficulties mostly arise out of the excessive prices at which they bought their land. If they had paid for it in cash they would simply have found they had made a bad investment, and would naturally have had to take the consequences in getting little return on their capital. In fact they largely borrowed the money so that when their equity margin disappeared they were immediately in difficulties. This created a grave social problem, but it is not one which should or can be rectified by adjusting wages. It calls for an adjustment on capital account, and this is in fact being effected through debt adjustment boards and revaluations. Wages only affect the current position and this is for the most part satisfactory; sale prices are about at pre-slump levels whilst money wages and the cost of living are considerably lower.'¹

EMPLOYERS' CONTENTIONS.

"Employers' representatives urged that the Court should not regard this return to pre-depression prosperity as likely to endure. The possibilities of another war were canvassed. Such a possible contingency cannot affect the Court's decision. If such disaster again overtakes civilization then what industrial tribunals do or have done will be of little importance in the inevitable economic collapse which would follow. It was also urged that the restoration of export prices to pre-depression levels and the expanding of manufacturing industries with a corresponding reduction of imports may only be transitory. This may or may not be true. But the upward trend since 1935 has, on the whole, brought the Commonwealth to at least pre-depression levels with the advantage that it does not now rely on a large expenditure of overseas public borrowings.

The possibilities of the future cannot be foreseen. The Court can only be guided by existing conditions and be prepared at any time to vary its orders as those conditions materially vary, either upwards or downwards.

EFFECTS OF HIGHER WAGES ON INVESTMENT.

"The advocates appearing for employees urged that there should be a substantial addition to the equivalent of the 1929 wage and found support for this claim in the statement of Mr. Reddaway endorsed as it was by Professors Copland and Giblin and Dr. Wood. This statement definitely asserted that economic recovery justified restoration of the 1929 level and that economic tendencies towards a fresh boom rendered a somewhat higher level advisable. Mr. Reddaway's argument in support of this contention was that unless wage rates were increased the expectation of increased profits will cause entrepreneurs to start superfluous new enterprises or excessively expand existing ones. Beyond a point this tendency might produce a most unhealthy boom, particularly when unemployment had been reduced to normal. It would also be accompanied by a rapid rise in the price of existing assets (already in evidence in the stock and share market). The resulting undesirable speculation would cause trouble if there is a subsequent decline. Higher wages would induce more sober estimates of the prospects whilst delay in raising wages would directly contribute to undue inflation of values. A rise in real wages would now be extremely valuable as a restraining influence, both on the price of existing capital assets and the excessive construction of new ones. A re-distribution of income in favour of wage earners, who unlike other classes spend their share of income without delay, will accelerate the demand for products and so provide solid support for legitimate expenditure on capital goods.

Applying this theory to existing circumstances, Mr. Reddaway originally urged that the equivalent of the 1929 wage should be restored with an addition of from 2s. to 3s. Subsequently he admitted that he was not in possession of information as to recent advances in real wages by way of increased marginal allowances and did not adhere to the actual addition of from 2s. to 3s. But he adhered to his opinion that the rate fixed by the Court should exceed the restoration of the 1929 standard.

Advocates for the employers presented a statement in reply to that of Mr. Reddaway evidently prepared by an expert economist who preferred to remain anonymous. The Court, although it had not an opportunity to discuss with its author the opinions expressed and was deprived of the assistance derived from cross-examination, paid close attention to this document and to Mr. Reddaway's subsequent reply. The statement did not dispute that there should be some rise in the wage level but sought to discount the facts and theories applied thereto on which Mr. Reddaway based his contentions. It is impracticable to analyse paragraph by paragraph this controversy between two economists with different approaches to the problem which the Court must solve. All that need be said is that the statement was closely considered with the mass of spoken and quoted economic material submitted in evidence. The opinions of economic experts of course are not conclusive. But those offered in these proceedings by Mr. Reddaway unchallenged as they were by any other economist willing to disclose his identity were more impressive than usual.

EFFECTS OF HIGHER WAGES ON CONSUMPTION.

"In effect the economist's statement in support of an increase of wages is an endorsement of the theory that one of the causes of cycles of depression is a recurring lack of balance in the application of the *money* income received by the members of the community: This money income is broadly speaking equal to the money value of all real income of the community in goods made for sale and services rendered for payment in money. For the enjoyment of prosperity in a modern industrial community the money income and the real income should be in a constant full flow of mutual interchange. The spending of all the money income, which has really been created as a result of the production and supply of previous goods and services, now creates a market for further goods and services being produced and offered. As put in the old phrase "Money would be circulating" and business and employment would be good. Subject to a reservation as to over spending on producer goods, it is immaterial whether the spending is done by the capitalist section or by the wage earner section of the community, so long as it is done in the community and done quickly. In either case the money cannot be spent without resulting employment and wages or payment for wage earners or other workers who supply goods or services. But there is this difference between the spending by the capitalist section and the spending by the wage earner section of the money of which they gain control. The wage earner section has to spend its money at once within the community and to that extent keeps alive the market for the suppliers of goods and services. So far as the capitalist section spends at once within the community the money in its control, it also keeps that market alive. But it is more likely to spend some of its money abroad and thus reduce that market. More important however is the fact that it may become infected with a lack of confidence in the outcome of investment of that part of its money not spent in consumer goods or services—"money commonly called 'savings'"—and refrain from investing the savings, with the result that the money is not spent promptly. So far as it so refrains, it kills the market for the suppliers of goods and services, wage earners lose employment and wages, and other suppliers find it useless to produce. The economic problem therefore is to arrive at a wage level, which, while not so high as to prevent the capitalist section investing all the "savings" which come into its control, is not so low as to allow money to pass to the capitalist section, which may not spend it promptly within the community, from the wage earner section which would forthwith use it within the community to buy goods and services. (Apart from economic reasons, there are of course humanitarian reasons why the wage level should be made as high as is economically possible, but for the moment, only economic reasons are being considered). If at any time it is made to appear that the

capitalist section for other reasons than an excessively high level of wages then prevailing is refraining from investing "savings" in its control, it may be quite good policy to raise the wage level! So as to transfer the spending power from it to the wage earner section. It does not appear to be suggested that this is the position at present in the Commonwealth. But it is conceivable that such a position may exist at some time in a country, while at another time in the same country entrepreneurs may be showing a tendency to invest "savings" to an excessive extent in producer goods and thus to lead up to a boom and subsequent slump. The two conditions may tend to be alternative both of them largely due to prevailing states of mind. In either case a raising of the wage level may be indicated as a remedy, but obviously no economic physician can prescribe with precision the proper amount of the dose. Mr. Reddaway and the other economists who concur with him, diagnose the present case as one of a likely boom and slump, and suggest an increase such as has already been referred to. On the other hand the economist with whose aid a statement for the employers was prepared, is sceptical as to the likelihood of a boom, and thinks that caution should be used in dealing with wages, although he does not appear to be absolutely opposed to any present increase.

PRE-DEPRESSION WAGE RATES.

"For some years prior to the slump in 1929 the amount of unemployment seems to have been about what is normal in industry in modern conditions. This raises a strong presumption that the wage level during those years had arrived at an average amount most suitable for then existing conditions. If present conditions are in substance similar, or, possibly, somewhat more secure because of internal industrial development, a comparison of the real wage level of those years with the present real level will be a useful guide. It is somewhat doubtful, however, whether the price index-numbers and other statistics enable a very close comparative measurement to be made.

The Court's basic wage of the years 1926 to 1929 including the "Powers 3s." and adjusted upon the "A" Series shows the following equivalents of the index-numbers for the first quarter 1937—

	£	s.	d.		£	s.	d.
Sydney	3	17	6	Perth	3	11	0
Melbourne ..	3	14	6	Hobart	3	15	0
Brisbane	3	12	6	Launceston ..	3	12	6
Adelaide	3	9	0	Six Capitals ..	3	14	6

INCREASES IN MARGINAL RATES.

"But in comparing the real wage level of the years 1926-1929 with the present day level there must be brought into account not only the difference in the basic wage but also increases in marginal rates made since those years.

In the Metal Trades industries award of 1935 the margins of skilled mechanics (a diminishing and comparatively small section of the total employees of the industry) were increased by 3s. per week. Early this year a further 3s. was added to this increase while 2s. was conceded to most other classes of labour in the industry. In the Textile industry in devising the first national awards of 1933* rates were reduced in New South Wales and increased in other States the net result being an appreciable aggregate increase. In some other industries margins have been somewhat increased since 1934. But in many there has been no appreciable change. Some of the increases have been met by re-organization of methods resulting in the employment of less labour. As Mr. Reddaway pointed out, between December, 1928, and September, 1936 (the last statistical quarter available) the index of average wages for adult males in Australia as a whole fell approximately 18 per cent. Over the same period the "C" Series for the six capital cities fell by about 16 per cent. disclosing an appreciable fall in the general average of real wages notwithstanding marginal increases. Furthermore, the construction of the index-number is such that it shows too high a figure at a time by increasing margins because of lack of proper weighting of the skilled and unskilled workers. If relationships

* 32 C.A.R., pp. 614 and 744.

between skilled and unskilled groups had been the same, weighting would have no influence. But when the groups which had received marginal increases were substantially in the minority weighting would appreciably alter the ascertaining of a general average. Up to the September quarter of 1936 it is therefore reasonable to conclude, so far as conclusions can be arrived at from statistical data, that advance in the aggregate of real wages arising from marginal increases up to the first quarter of 1936 was problematic. Increases since that period probably have increased the average of real wages. But unless such an increase is substantial it should not bear much weight in fixing a basic wage level appropriate to present economic circumstances. The increases to skilled tradesmen in the Metal Trades industry, and presumably in other industries, were a long-delayed recognition of the disparity between the wages of skilled and unskilled workmen. Then again such increases did not raise the average earnings of those on or near the base rate. A substantial increase in the basic wage may compel temporary or permanent reconsideration of the higher margins. But that is a matter for the future.

HIGHER BASIC WAGE DESIRABLE.

"After grave consideration the conclusion arrived at is that the present degree of prosperity in the Commonwealth and the existing circumstances of industry make desirable appreciable increases in the basic wage.

DIFFERENTIAL INCREASES.

"But the question whether the increase should be of the same amount throughout the States is one of very serious importance. Hitherto the Court has assessed the basic wage so as to give it a substantially equal value in commodities in all the States, subject to slight modifications where it was thought that the advantages of an equal money wage in the various places covered by the particular award should prevail. The principle of equality in commodity value was appropriate for a basic wage, the main policy of which was to secure a particular standard of living for wage earners whatever might be the conditions of the industry or district in which they were engaged. The establishment of such a standard was thought to be socially desirable. Even though some industries might find it difficult to provide the wage, it was nevertheless deemed to be better to impose upon them that wage standard, and if they could not naturally sustain it, either aid them in some other way or let them perish. The standard of living aimed at must always be limited by the productivity of the country generally and therefore inasmuch as the Court cannot differentiate between the wage earners according to their dependants, the basic wage earner with a large family must often suffer and see his family suffer lamentable deprivations. The Court has no power to remedy this evil. So far as the basic wage is imposed for the purpose of providing for fundamental needs it should be substantially uniform in real value. But where an addition is to be made to the basic wage because of prosperity which may not exist to the same degree nor at all in some States, or because of some economic purpose the desirability of which varies in different States, there is not the same reason for uniformity in the addition.

BASIS OF NEW BASIC WAGE.

"The wage assessed on the basis introduced in 1934 and now in force was regarded by the Court as closely approximating the equivalent of the then Harvester standard (without the "Powers 3s."). Adjusted as it now is by the "C" Series of index-numbers the present rate maintains that approximation. This "needs" basic wage will continue, but with loading additions, because of present prosperity and of stabilizing reasons. These loading additions will not be uniform but are assessed in amount according to the circumstances of the State concerned. They will not be adjustable but constant. The amount of the "needs" basic wage plus the respective loading will be the total basic wage for the purpose of the award in which they are prescribed.

After considering the comparative suitability for industry of the different States, their industrial development, advantages, and handicaps, and the material submitted, in respect of South Australia particularly, the opinion was formed that the highest loading should be made for New South Wales, Victoria and Queensland and a lower loading for South Australia, Western Australia and Tasmania.

South Australia financially is the weakest of the States and has only one highly developed manufacturing enterprise, motor body building, established in the days when a lower wage level to some extent balanced the disadvantages of distance from the eastern market.

The result of imposing a basic wage which would bring South Australian wage costs to the same level as those of other States would probably accelerate the tendency to concentrate the motor industry in one of the eastern capitals. The Court is anxious not to take any action which of itself may disturb the present distribution of industrial activity amongst States.

In the South Australian Railways it also seems likely that too high a rise in wage costs would probably result in curtailment of services which must outweigh benefits of increased nominal wages. Similar considerations apply to Tasmania and Western Australia.

The loadings in cases where the basic wage is assessed on Six Capital or other combinations of index-numbers appear later herein.

PROVINCIAL RATES.

"As to the basic wage in provincial districts generally speaking the existing differentiation of 3s. between their rates and those of metropolitan districts will be continued.

FEMALE RATES.

"The minimum rates for adult females it is thought should be increased so as to be substantially in the same proportion to the new total basic wage as they bore to the present basic wage in the respective awards.

"COURT" SERIES OF INDEX-NUMBERS.

"The Commonwealth Statistician has informed the Court that there is much misunderstanding concerning the position of his department in relation to the basic wage. Many people seem to think that because the index-numbers, which are used by this Court for purposes of adjustment, are compiled by the Statistician, he has some connexion with the fixation and adjustment of the wage. Inquiries are made of his department as if it had some official supervision of the wage. Quite obviously conditions which create this impression are improper. Any custom or practice which engenders this false belief concerning his department's functions should be abandoned. It is suggested that the Court should have prepared and issued its own series of retail price index-numbers to be used for adjustment of the basic wage in its awards, this Court series to be based upon and to correspond with the Statistician's "All Items" Series, but to be specially numbered in a manner much more convenient for adjustment of the basic wage than any other series. This Court's series would be issued by the Court and not by the Statistician.

The Court is also informed by the Statistician that he and the State Statisticians have decided that very soon the "All Items" index-numbers, although compiled on the same material as at present, will be calculated to a different base. This would cause a change from the numbering in the present "C" Series and necessitate a consequential alteration in nearly all the Court's awards unless obviated by the Court in some way. For this reason also, it is desirable that the Court should issue a retail price index series of its own, the numbering of which would remain the same, notwithstanding any change by the Statistician of the base to which his "All Items" index-numbers are calculated. As the Court will have to vary its awards in order to prescribe the new basic wage, it is a convenient time to introduce its own table and this will be done. The table will be prepared from the "C" Series as follows:—

At present the Court's adjustable basic wage—the "needs" basic wage as it has been termed herein—is assessed at such an amount that if the "C" Series number for a quarter were 1000 the corresponding "needs" basic wage would be 81s. The Court's

present table of wages is compiled on this basis. For the Court's own series the numbers will be obtained thus—The "C" Series number for the quarter in question will be multiplied by $\frac{81}{1000} = .081$, and the first three numbers on the left of the product will be the corresponding number in the Court's series. That corresponding number will itself state in whole and decimal figures the number of shillings with current purchasing power equivalent to that of 81s. when the "C" Series index-number is 1000."

3. **State Basic Wages.**—(i) *New South Wales.* The first determination under the New South Wales Industrial Arbitration Act of a standard living wage for adult male employees was made on the 16th February, 1914, by the Court of Industrial Arbitration. The Board of Trade was established in 1918 with power to determine the living wage for adult male and female employees in the State; the Board made numerous declarations from 1918 to 1925, but ceased to function after the Industrial Arbitration (Amendment) Act 1926 established the Industrial Commission of New South Wales, which exercised the powers of the Board of Trade from the 15th April, 1926.

The adult male rate was determined on the family unit of a man, wife and two children from 1914 to 1925; a man and wife only in 1927, with family allowances for dependent children; and a man, wife, and one child in 1929, with family allowances for other dependent children.

Employees in rural industries are not covered by the rates shown in the following table; a living wage for rural workers of £3 6s. per week was in force for twelve months from October, 1921, and a rate of £4 4s. operated from June, 1927 to December, 1929, when the power of industrial tribunals to fix a living wage for rural workers was withdrawn.

The variations in the living wages determined by the industrial tribunals of New South Wales are shown below:—

BASIC WAGE VARIATIONS IN NEW SOUTH WALES.

Male.		Female.	
Date of Declaration.	Basic Wage per Week.	Date of Declaration.	Basic Wage per Week.
	£ s. d.		£ s. d.
16th February, 1914 ..	2 8 0		..
17th December, 1915 ..	2 12 6		..
18th August, 1916 ..	2 15 6		..
5th September, 1918 ..	3 0 0	17th December, 1918 ..	1 10 0
8th October, 1919 ..	3 17 0	23rd December, 1919 ..	1 19 0
8th October, 1920 ..	4 5 0	23rd December, 1920 ..	2 3 0
8th October, 1921 ..	4 2 0	22nd December, 1921 ..	2 1 0
12th May, 1922 ..	3 18 0	9th October, 1922 ..	1 19 6
10th April, 1923 ..	3 19 0	(a) ..	2 0 0
7th September, 1923 ..	4 2 0	..	2 1 6
24th August, 1925 ..	4 4 0	..	2 2 6
27th June, 1927 ..	4 5 0	..	2 6 0
20th December, 1929 ..	4 2 6	..	2 4 6
26th August, 1932 ..	3 10 0	..	1 18 0
11th April, 1933 ..	3 8 6	..	1 17 0
20th October, 1933 ..	3 6 6	..	1 16 0
26th April, 1934 ..	3 7 6	..	1 16 6
18th April, 1935 ..	3 8 6	..	1 17 0
24th April, 1936 ..	3 9 0	..	(b) 1 17 6
27th October, 1936 ..	3 10 0	..	1 18 0
24th April, 1937 ..	3 11 6	..	1 18 6

(a) Dates of declaration from 1923 on same as those for male rate.

(b) Rate declared, £1 15s. 6d., but law amended to provide a rate for females at 54 per cent. of that for males.

After the judgment of the Commonwealth Court referred to on page 564 the Government of New South Wales declared its intention to introduce legislation for the purpose of applying the Commonwealth basic wage to employees in New South Wales working under State awards, and to adopt for this purpose the index figures and the "loading" increases of the Commonwealth Court; this would consequently relieve the State tribunal of the necessity to determine a living wage.

(ii) *Victoria and Tasmania.* A State basic rate of wage is not declared in Victoria and Tasmania. In these States the Wages Board system of wage fixation is in operation, and each Board determines the minimum rate of wage to be paid in the industry or calling under review. In the majority of cases the practice of the Commonwealth Arbitration Court of adjusting wages in accordance with variations in retail prices has been followed in the past by these bodies. In the case of Victoria, by amendments of the Factories and Shops Act No. 4275 of 1934 and No. 4461 of 1936, it is now obligatory on all Wages Boards to adopt such provisions of Commonwealth Awards which such Boards are under the Factory and Shops Acts empowered to include in their determinations. The Secretary of Labour is also empowered under this Act to make adjustments of wages according to variations in retail price index-numbers without calling the Board together.

(iii) *Queensland.* The first formal declaration by the Industrial Arbitration Court in this State of a basic wage was gazetted on 24th February, 1921. Prior to this declaration the rate of £3 17s. per week for adult males had been generally recognized by the Court in its Awards as the basic or living wage. The basic wage is nominally intended to provide for the needs of a man, his wife and three children. The variations in the adult basic wages determined by the Industrial Arbitration Court are shown below :—

BASIC WAGE VARIATIONS IN QUEENSLAND.

Date of Operation.	Adult Basic Wage.	
	Male.	Female.
	£ s. d.	£ s. d.
1st March, 1921	4 5 0	2 3 0
1st March, 1922	4 0 0	2 1 0
28th September, 1925 (a)	4 5 0	2 3 0
1st August, 1930	4 0 0	2 1 0
1st December, 1930	3 17 0	1 19 6
1st July, 1931	3 14 0	1 19 0
1st April, 1937	3 18 0	2 1 0

(a) Fixed by Basic Wage Act.

The rates shown above are applicable throughout the South-Eastern Division of the State: allowances are added for the following divisions—Northern, 10s.; North-Western, 17s. 4d.; Mackay, 5s. 6d.; and South-Western, 7s. 4d. Half of these allowances are granted to females.

(iv) *South Australia.* The Industrial Code 1920 provides that the Board of Industry shall after public inquiry declare the living wages to be paid to adult male and female employees. Prior to the passing of this Act the living wage was declared by the Industrial Court, the first award, 7s. per day, being made by Mr. Justice Gordon in the Brushmakers' Case in December, 1908.

The first declaration by the Board of Industry was made on 15th July, 1921, when the living wage for adult male employees in the metropolitan area was determined at £3 19s. 6d. per week.

The family unit is not specifically defined in the Code, but it is stated that the South Australian Industrial Court in 1920 definitely decided that the average employee in respect of whom the living wage is to be declared is a man with a wife and three children.

The variations in the living wages determined by the Board of Industry are shown below :—

BASIC WAGE VARIATIONS IN SOUTH AUSTRALIA.

Male.		Female.	
Date of Declaration.	Basic Wage per Week.	Date of Declaration.	Basic Wage per Week.
	£ s. d.		£ s. d.
15th July, 1921 ..	3 19 6	11th August, 1921 ..	1 15 0
11th April, 1922 ..	3 17 6	..	..
19th October, 1923 ..	3 18 6	..	..
30th April, 1924 ..	4 2 0	22nd October, 1924 ..	1 18 0
29th July, 1925 ..	4 5 6	17th August, 1925 ..	1 19 6
11th October, 1930 ..	3 15 0	22nd December, 1930 ..	1 15 0
17th August, 1931 ..	3 3 0	4th December, 1931 ..	1 11 6
18th October, 1935 ..	3 6 0	24th December, 1935 ..	1 13 0
18th December, 1936 ..	3 9 6	9th April, 1937 ..	1 14 9

(v) *Western Australia.* The Industrial Arbitration Act 1912-1934 provides that the Court of Arbitration shall determine and declare a basic wage to operate from 1st July of each year and, wherever and whenever necessary, differential basic rates in special or defined areas of the State. In an amending Act of 1930 provision is made for quarterly adjustments when the Government Statistician reports a variation in the cost of living of 1s. or more per week compared with the previous quarter.

The first declaration of the basic wage by the Court of Arbitration since the authority to fix one was vested in the Court in 1925 was made on 11th June, 1926. The family unit is not specifically defined in the Act, but it has been the practice of the Court to take as a basis for its calculations a man, his wife and two dependent children. The variations in the annual declarations of the Court of Arbitration are shown in the following table :—

BASIC WAGE VARIATIONS IN WESTERN AUSTRALIA.

Date of Operation.	Metropolitan Area.		South-West Land Division.		Other Parts of State.	
	Male.	Female.	Male.	Female.	Male.	Female.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1st July, 1926 ..	4 5 0	2 5 11	..	..	4 5 0	2 5 11
1st July, 1929 ..	4 7 0	2 7 0	..	..	4 7 0	2 7 0
1st July, 1930 ..	4 6 0	2 6 5	..	..	4 5 0	2 5 11
1st July, 1931 ..	3 18 0	2 2 2	..	..	3 17 0	2 1 8
1st July, 1932 ..	3 12 0	1 18 11	3 13 6	1 19 8	3 18 0	2 2 2
1st July, 1933 ..	3 8 0	1 16 9	3 9 6	1 17 6	3 17 6	2 1 10
1st July, 1934 ..	3 9 6	1 17 6	3 10 0	1 17 10	3 19 6	2 2 11
1st July, 1935 ..	3 10 6	1 18 1	3 11 2	1 18 5	4 4 4	2 5 6
1st July, 1936 ..	3 10 6	1 18 1	3 11 9	1 18 9	4 6 0	2 6 5
1st July, 1937 ..	3 13 9	1 19 10	3 14 8	2 0 4	4 7 0	2 7 0
26th July, 1937 (b) ..	3 14 11	2 0 5	3 15 10	2 0 11	4 7 0	2 7 0

(a) Excluding Goldfields areas, where rates were the same as those operating from 1st July, 1926

(b) Quarterly adjustment.

(vi) *Current State Basic Wage Rates.* In the following table are given the current basic wage rates declared by the various State tribunals :—

BASIC WEEKLY WAGE RATES FIXED BY STATE INDUSTRIAL TRIBUNALS.

State.	Basic Wage.		Date of Operation.	Family Unit (for Male Rate).
	Males.	Females.		
	£ s. d.	£ s. d.		
New South Wales..	(a) 3 11 6	1 18 6	1.5.37	Man, wife and child
Victoria ..	(b)	(b)	(b)	(b)
Queensland ..	3 18 0	2 1 0	1.4.37	Man, wife and three children
South Australia ..	(c) 3 9 6	(d) 1 14 9	..	..
Western Australia..	(e) 3 14 11	2 0 5	26.7.37	Man, wife and two children
Tasmania ..	(b)	(b)	(b)	(b)

(a) Plus child allowances. (b) None declared, but follow Federal rates to a large extent. (c) Operative from 7th January, 1937. (d) Operative from 23rd April, 1937. (e) Metropolitan Area. Basic wage for Gold-fields Areas and portions of State exclusive of the S.W. Land Division—males £4 7s.; females £2 7s.; Agricultural Areas and S.W. Land Division—males £3 15s. 10d.; females £2 0s. 11d.

4. **Royal Commission on the Basic Wage, 1920.**—The Federal basic wage referred to in par. 2 (i) *ante* was made operative in other parts of Australia on the basis of the relative retail price index-numbers applicable to the locality, but only one comprehensive attempt has been made by the Federal authorities to ascertain specifically what the actual requirements were in the various States according to reasonable standards of comfort, including all matters comprised in the ordinary expenditure of a household in respect of a family consisting of a man, wife and three children under fourteen years of age.

The attempt referred to was made by a Royal Commission, and its report, issued in 1920, recommended the following amounts for the various capital cities :—

	£ s. d.
Sydney	5 17 1
Melbourne	5 16 6
Brisbane	5 6 2
Adelaide	5 16 1
Perth	5 13 11
Hobart	5 16 11
Six Capitals (Weighted Average)	5 15 8

The recommendations of this Commission were not carried out owing largely to the marked advance of the amounts suggested over ruling rates* and the grave doubts expressed as to the ability of industry to pay such rates.

§ 4. Child Endowment in Australia.

1. **General.**—The principle of supplementing wages by a payment in respect of dependent children under fourteen years of age has become very prominent in Australia in recent years, and is actually in operation in certain instances. The system has been in force in various forms in England and on the Continent as far back as 1795, the first instance occurring in England in that year.†

2. **New South Wales.**—The first attempt in Australia to institute the system was made in New South Wales in 1919, when a Bill was introduced into the State Parliament to provide a flat basic wage for a man and wife, and an allowance of 5s. per week for each child, the latter rate to be reduced on a sliding scale and to cease automatically when the income reached an amount of £3 per week above the basic wage. The Bill

* The "Harvester" equivalent for Melbourne at the time (September quarter, 1920) was £4 13s. per week, but only £3 18s. to £4 2s. was being paid on the basis of an annual index-number.

† A complete survey of the systems in force in various countries is contained in Eleanor Rathbone's *Disinherited Family: A plea for the Endowment of the Family*.