# THE NEXT STEP

## A FAMILY BASIC INCOME

By

A. B. PIDDINGTON, K.C.

MACMILLAN & CO. LTD.

# THE NEXT STEP

## A FAMILY BASIC INCOME

By

A. B. PIDDINGTON, K.C.

CHIEF INTERSTATE COMMISSIONER, 1913-1920.
CHAIRMAN OF THE RECENT ROYAL COMMISSION ON THE BASIC WAGE.

Melbourne :

MACMILLAN & CO. LTD.

Head Office : LONDON

1921

# PREFACE

This pamphlet is published in the belief that both employers and employed in Australia, whatever their pre-conceived opinions, are willing to examine fairly any proposal which is put forward in the spirit of that mutual aid which Kropotkin has shown is the paramount biological law of nature and of society. Such a belief might have seemed over-confident a year ago. That I cherish it now is due to the deep impression made upon me by the tolerance, the courage and the public spirit shown by all my colleagues on the Basic Wage Commission. Though they urged their individual views with the utmost vigour, they were able ultimately to reach unanimity in the difficult task of establishing for the first time the cost of a standard of reasonable comfort for the Australian worker and his family. I do not doubt that in thus reconciling interests which are often deeply at variance, my colleagues were a counterpart of the whole community in respect of good sense, and the capacity to see and to do justice to all views.

Confirmation of the hope thus expressed comes to-day. The New South Wales State Conference of the Australian Labour Party has forwarded for consideration by the Federal Labour Party a motion of which the following bears directly upon the questions to be discussed—

> "That in order to secure for the people of Australia a more equal opportunity of obtaining the undoubted right to live in a high degree of comfort in this land of plenty, the conference recommends the adoption by the Federal Labour Party of one comprehensive national scheme to provide for—*
>
> (b) The fixation of a basic wage for a man and wife, based on the stabilised cost of living.
>
> (c) The maintenance of all children of the nation by a direct charge on the whole community by means of a graduated tax on all incomes.

My thanks should be given for help in this unofficial task rendered by Mr. J. T. Sutcliffe, the Secretary and Statistician of the Commission whose Report closes with this testimony to his remarkable work—"His intimate knowledge of every branch of the subject, his intense industry, and his great power of organization were all brought to bear upon this task in a spirit of unselfish devotion, and without services of this exceptional character the work of the Commission could not have been done in the time actually taken."

A. B. PIDDINGTON.

Melbourne,
April 15, 1921.

*(a) refers to prohibition of export of raw material.

# CONTENTS

## PRELIMINARY NOTES.

(1) **Main Report** means the Report dated 19th November, 1920, of the Basic Wage Commission.

**Second Report** means its Report dated 2nd April, 1921.

(2) **Typical Family** means man, wife, and three children, under 14.

(3) £5/16/- per week is taken as the Finding of the Commission for the needs of the typical family. This is broadly the average, weighted by State populations, of the findings for separate State capitals. (See Main Report, p. 58).

(4) This Finding was upon prices at November 1, 1920. The Commission also suggested a method by which its Finding could be adjusted to the current purchasing-power of money. Throughout this work the amount of the Finding, of the Basic Wage, and of the Child Endowment proposed, and all relevant calculations, are subject therefore to such adjustment when made.

## CHAPTER I.

## GENERAL.

Many moralists and some economists have urged that the

### CORRIGENDA

P. 7, l. 19.—For "fair basic wage" read "fit basic wage."

P. 33.—In the Table "fathers" should be "adult males," and the number of mothers 1,030,000, making the shadow population $10\frac{3}{4}$ millions.

P. 49, 10th line from bottom.—"ever" should be "every."

rights of children is made to that person as trustee for them.

It is the purpose of these pages to show that this minimal duty is not and cannot be adequately enforced under the existing Australian system which applies the sanctions of law only to a prescribed wage (the "living wage" or "basic wage") that is uniform for all employees. To ensure the adequate observance of that duty two things are necessary:—

1. the continuance of the existing system with a different domestic unit for the living wage;
2. a law for the endowment of children out of a tax upon employers according to the number of their employees, such endowment to be paid to mothers.

## PRELIMINARY NOTES.

(1) Ma
No
mi
Se
2n

(2) Ty
th

(3) £
o
t
a
f
I

(4)
ber 1, 1920.
gested a method by which its Finding may be adjusted to the current purchasing-power of money. Throughout this work the amount of the Finding, of the Basic Wage, and of the Child Endowment proposed, and all relevant calculations, are subject therefore to such adjustment when made.

## CHAPTER I.

## GENERAL.

**The Doctrine t Issue.**

Many moralists and some economists have urged that the doctrine generally alluded to as the "Living Wage" doctrine should be a recognised tenet of modern society. In terms of an answer to the question now everywhere in process of ution "how the community is to live," the doctrine may s be expressed:—

**It is the minimal duty of employers to provide out of e products of industry such an amount as will enable all nployees and their families to live according to current human standards of reasonable comfort."**

From this it follows:—

1. That the children of the worker have just the same individual right in origin and in measure as the worker, and therefore,
2. That payment made to any person because of such rights of children is made to that person as trustee for them.

It is the purpose of these pages to show that this minimal duty is not and cannot be adequately enforced under the existing Australian system which applies the sanctions of law only to a prescribed wage (the "living wage" or "basic wage") that is uniform for all employees. To ensure the adequate observance of that duty two things are necessary:—

1. the continuance of the existing system with a different domestic unit for the living wage;
2. a law for the endowment of children out of a tax upon employers according to the number of their employees, such endowment to be paid to mothers.

**The Living or Basic Wage in Australia.**

The first expression of the living wage doctrine in Australia is to be found in a Bill introduced into the Queensland Parliament in 1890 by the late Sir Samuel Griffith when Premier of that State. The title of that measure was the Elementary Property Law of Queensland. Clause 21 of the Bill is in these terms:—

"The natural and proper measure of wages is such a sum as is a fair immediate recompense for the labour for which they are paid, having regard to its character and duration; but it can never be taken at a less sum than such as is sufficient to maintain the labourer and his family in a state of health and reasonable comfort."

In the following year (1891) Pope Leo XIII., in his Encyclical on the Condition of Labour, wrote as follows:—

"Let it be granted then that as a rule workman and employer should make agreements, and in particular should freely agree as to wages; nevertheless, there is a dictate of nature more imperious and more ancient than any bargain between man and man, that the remuneration must be enough to support the wage earner in *reasonable and frugal comfort.* If, through necessity, or fear of a worse evil, the workman accepts harder conditions because an employer or contractor will give him no better, he is the victim of fraud and injustice."*

Later on, says Ryan (p. 111), Pope Leo XIII. was asked by Cardinal Goosens, of Malines, "whether an employer would do wrong who paid his men a wage sufficient for personal maintenance, but inadequate to the needs of a family." Pope Leo did not himself send any official response, but referred the matter to Cardinal Zigliara, who replied that "the employer would not violate justice, but that his action might sometimes be contrary to charity, or to natural righteousness."

**Adoption in Australia.**

In 1900 the Commonwealth Constitution Act was passed conferring by Section 51, sub-section XXXV., legislative power upon the Federal Parliament with regard to "conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State." This provision was inserted at the instance of Mr. H. B. Higgins (now Mr. Justice Higgins) who was a member of the Convention which framed the Constitution. Strange to say, it was carried by

*Quoted from Ryan's "Living Wage" (1906), p. 33.

only three votes. The history of legislation, and what has been even more important, of administration of the law since the same statesman and judge became the President of the Commonwealth Arbitration Court, shows that this subsection XXXV. has furnished the only and very meagre modicum of constitutional authority which the national Parliament has been able to exercise through the Judiciary over the greatest of national concerns—Labour.

In 1906 the late Mr. Justice O'Connor first gave incidental recognition to the doctrine now discussed, when, as President of the Commonwealth Arbitration Court,* he spoke as follows:—

". . . . . there must also be added something for the increased cost of living in Australia, not only by reason of the higher cost of some of life's necessaries, but also by reason of the increased comfort of living and the higher standard of social conditions which the general sense of the community in Australia allows to those who live by labour." (Merchant Service Guild v. Commonwealth Steamship Owners' Association, 1 C.A.R., page 27).

More ample and more famous was the recognition in 1907 of the doctrine by Mr. Justice Higgins, who succeeded Mr. Justice O'Connor as President of the Commonwealth Arbitration Court. In the Harvester Case (ex parte H. V. McKay, 2 C.A.R. 3-4) he laid it down that:—

"The provision for fair and reasonable remuneration is obviously designed for the benefit of the employees in the industry; and it must be meant to secure to them something which they cannot get by the ordinary system of individual bargaining with employers. If Parliament meant that the conditions shall be such as they can get by individual bargaining—if it meant that those conditions are to be fair and reasonable, which employees will accept and employers will give, in contracts of service—there would have been no need for this provision. The remuneration could safely have been left to the usual, but unequal, contest, the 'higgling of the market' for labour with the pressure for bread on one side and the pressure for profits on the other. The standard of 'fair and reasonable' must, therefore, be something else; and I cannot think of any other standard appropriate than the normal needs of the average employee regarded as a human being living in a civilised community. I have invited counsel and all concerned to suggest any other standard, and they

*This term is used throughout for the Commonwealth Court of Conciliation and Arbitration constituted under the Acts 1904-1920.

have been unable to do so. If, instead of individual bargaining, one can conceive of a collective agreement—an agreement between all the employers in a given trade on the one side, and the employees on the other—it seems to me that the framers of the agreement would have to take, as the first and dominant factor, the cost of living as a civilised being. If A lets B have the use of his horses, on the terms that he gave them fair and reasonable treatment, I have no doubt that it is B's duty to give them proper food and water and such shelter and rest as they need; and, as wages are the means of obtaining commodities, surely the State, in stipulating for fair and reasonable remuneration for the employees, means that the wages shall be sufficient to provide these things, and clothing and a condition of frugal comfort estimated by current human standards. This, then, is the primary test, the test which I shall apply in ascertaining the minimum wage that can be treated as 'fair and reasonable' in the case of unskilled labourers."

The enunciation of the doctrine, as well as the amount determined as a living wage* in the Harvester Case, were both adopted by the same Judge a few weeks later in the Marine Cooks' Case (2 C.A.R. 53), and the doctrine was thenceforth firmly established in Australia as law.

This was stated by the Prime Minister (Right Hon. W. M. Hughes) in his Policy Speech for the last General Election at Bendigo in October, 1919:—

"The cause of much of the industrial unrest, which is like fuel to the fires of Bolshevism and direct action, arises with the real wage of the worker—that is to say, the things he can buy with the money he receives. This real wage decreases with an increase in the cost of living. Now once it is admitted that it is in the interests of the community that such a wage should be paid as will enable a man to marry and bring up children in decent, wholesome conditions—and that point has been settled long ago—it seems obvious that we must devise better machinery for ensuring the payment of such a wage than at present exists. Means must be found which will insure that the minimum wage shall be adjusted automatically, or almost automatically, with the cost of living, so that within the limits of the minimum wage at least the sovereign shall always purchase the same amount of the necessaries of life."

*Generally called the Harvester Wage. Since 1907 the Harvester Wage "has remained the basis not only of Federal Awards, but, in a large measure, of State awards."—(Queensland Arbitration Court, 15 Feb., 1921).

## CHAPTER II.

## THE END OF THE HARVESTER SYSTEM.

This was more than an announcement of policy. It was a recognition by the Federal Government of the failure of the "Harvester" system of determining "fair and reasonable remuneration," and of the nation-wide discontent it had failed to appease. The Prime Minister rightly indicated the basic cause of this discontent—the actual insufficiency of existing wages to enable families to live in frugal comfort. Throughout the taking of evidence by the Basic Wage Commission between January and August of last year, the outstanding fact was that witness after witness in every city of the Commonwealth, and of both sexes, giving their life experience, stated that "things were all right" as far as comfort was concerned till children began to come, that the standard of comfort at home had to be lowered with their advent, and that by the time there were three children the whole family was "right up against it" under existing wages. In Hobart, an employer who had begun life as a blacksmith and retained to the full his sympathy and interest in the workers' fortunes after he had built up an excellent engineering business, gave it as his opinion that a man with a wife and three dependent children must be having "a rotten bad time of it," if he had to bring up his family on the existing basic wage of £3/17/- per week. (Evidence of President of Hobart Chamber of Commerce, August 25th, 1920). Upon such an indictment of the law there can be no verdict but "guilty" when it is remembered that in the same month the Government Statist of Tasmania, in an independent inquiry, ascertained that £6 a week was necessary in Hobart for the family named.* The Commission's finding was £5/17/- per week.†

*Second Report of Basic Wage Commission, p. 107. †Main Report p. 58.

It would be easy to adduce evidence of the pathetic, and, at times, pitiable shifts to which families are reduced under present wages, but a simple test of the matter may be made as follows. The prevalent basic wage which purports to provide for the typical family was at the date of the Report, £3/17/- (about £200 per annum). The unanimous finding of the Basic Wage Commission was that £5/16/- per week, or about £300 a year was necessary. In other words, all families with three children are receiving only two-thirds of what is necessary according to current human standards. Let the reader turn to the summary of the Commission's Indicator Lists as to Food and Clothing (see pp. 7-9), and take two-thirds of the stated quantities and then, using his own knowledge of family needs, say whether a reasonable standard of comfort can possibly be enjoyed on such quantities. Could a family of five even satisfy hunger with two-thirds of the weekly dietary set out?

It is a commonplace with the opponents of all interference with law-free bargaining between employer and employee—and I include in law-free bargaining the collective bargaining of associated employers and employed—to point to the widespread industrial discontent in Australia as proving the failure of industrial arbitration. The main reason why Industrial Arbitration has failed to appease industrial discontent is that, as will be shown later, the doctrine of the living wage, has, as a result of deficient legislative orientation, never yet been consistently carried into actual practice in Australia.

**Basic Wage Commission.**

In December, 1919, a Royal Commission (which took the name "Basic Wage Commission") was appointed consisting of seven members, three of whom had been nominated by employer organizations, and three by employee organizations, Federal in character. They agreed upon a Chairman (the writer). Their task was to furnish answers to the following questions:—

1. The actual cost of living at the present time, according to reasonable standards of comfort, including all matters comprised in the ordinary expenditure of a household, for a man with a wife, and three children under 14 years of age, and the several items and amounts which make up that cost.

2. The actual corresponding cost of living during each of the last five years.
3. How the basic wage may be automatically adjusted to the rise and fall from time to time of the purchasing power of the sovereign.

Their unanimous answer to Question 1 was £5/16/- per week as at November 1, 1920.

The Commission interpreted the word "man" in Clause 1 of the Letters Patent as meaning "average worker," and the words "reasonable standards of comfort," as equivalent to "normal needs of a human being in a civilised community." (See pp. 14-18 of Main Report, and p. 106 of Second Report.) The standard was therefore the same as that used in the Commonwealth Arbitration Court for fixing the basic wage. Mr. Justice Higgins ("Harvard Law Review," Dec., 1920) interpreted the Letters Patent in the same way, saying:—

"The Government has seen fit to entrust the ascertainment of a fair basic wage to a Commission consisting of some representatives of the employers and some representatives of the employees, with a distinguished lawyer as Chairman," and

"The basic wage is to be fixed on family lines, *on the assumption that the male adult worker has to support himself, a wife and three children.** This is in accordance with the assumption of the Court in 1907."

The details of the Finding are in four sections, as follows, the Melbourne costs being taken for convenience. The prices of every item are given in the Commission's Report:—

## TABLE A.

### Housing.

Rental ordinarily paid by the tenant of a five-roomed house in sound tenantable condition; not actually cramped as to allotment; situated in decent surroundings; and provided with bath, copper and tubs. The rent of such a house in Melbourne was in November, 1920, found to be £1/0/6 per week.

### Clothing.

**Husband.**—Suits, 2 to last 3 years; hat, 1 a year; socks, 6 a year; ties, 2 a year; braces, 1 best to last 3 years, and another to last 1 year; shirts, 4 working to last 1 year,

*Italics not in original.

and 5 best to last 3 years; flannels, 2 a year; underpants, 2 a year; collars, 6 a year; handkerchiefs, 6 a year; pyjamas, 3 to last 2 years; working trousers, 2 a year; overcoat, 1 to last 4 years; umbrella, 1 to last 3 years; boots, 1 best to last 2 years, and 3 working to last 2 years; shoes, 1 to last 2 years; boot repairs, 3 a year; sundries. The cost at November prices was 8/5 per week.

**Wife.**—Hats, best, 2 to last 2 years, and another to last a year; costume, winter, 1 to last 3 years, and summer, 1 to last 3 years; skirt, blue serge, 1 to last 3 years, tweed, 1 to last 2 years; blouse, silk, 1 to last 2 years, voile, 1 a year, cambric, 3 to last 2 years, winceyette, 3 to last 2 years; camisoles, 4 a year; combinations, 4 to last 2 years; undervests, woollen 1 to last 2 years, cotton, 3 to last 2 years; bloomers, winter, 2 to last 2 years; nightdresses, 4 to last 2 years; underskirts, white 1 to last 3 years, moreen, 1 to last 3 years; corsets, best 1 to last 2 years, and another to last a year; dressing gown, 1 to last 3 years; aprons, 4 a year; stockings, cashmere, 3 a year, cotton, 3 a year; handkerchiefs, 6 a year; gossamer, 1 a year; veil, 1 a year; gloves, silk, 1 a year, cotton, 1 a year; top coat, 1 to last 4 years; golfer, 1 to last 3 years; umbrella, 1 to last 3 years; shoes, best, 1 a year, second, 1 a year; slippers, 1 a year; repairs, best 1 a year, second 1 a year; sundries. The cost at November prices was 10/9 per week.

**Boy, 10½ years.**—Overcoat, 1 to last 3 years; suits, 2 to last 2 years; pants, 4 to last 2 years; jersey, 1 to last 2 years; summer coat, 2 to last 2 years; shirts, 4 a year; stockings, 4 a year; caps, 1 a year; straw hat, 1 to last 2 years; soft hat, 1 a year; handkerchiefs, 6 a year; braces, 1 a year; ties, 2 a year; singlets, 4 to last 2 years; pyjamas, 3 to last 2 years; boots, best 1 a year, school 2 a year; repairs, 2 a year; collars, 3 a year. The cost at November prices was 4/6 per week.

**Girl, 7 years.**—Singlets, 2 to last 2 years; stays, 2 a year; bloomers, cotton, 2 a year, woollen, 1 to last 2 years; petticoats, 2 to last 2 years; dresses, best 1 a year; voile 1 a year, print 2 a year; jersey, 1 to last 2 years; hats, 2 a year; cap, 1 a year; pyjamas, 2 to last 3 years; socks, 4 a year; handkerchiefs, 6 a year; top coat, 1 to last 3 years; boots, best 2 to last 3 years, school 3 to last 2 years; repairs, 2 a year; sundries. The cost at November prices was 3/5 per week.

**Boy, 3½ years.**—Overcoat, 1 to last 3 years; suits, light 1 to last 2 years, heavy 1 to last 2 years; pants, 1 a year; jersey, 1 to last 2 years; blouse coat, 2 to last 2 years; shirts, 2 a year; stockings, 4 a year; cap, 1 to last 1½ years; handkerchiefs, 3 a year; braces, 1 a year; singlets, 2 a year; nightshirts, 2 a year; boots, best, 1 a year; shoes, 2 a year;

collars, 2 a year; boot repairs, 1 a year. The cost at November prices was 1/11 per week.

**Food.**

**Husband, Wife, Boy (10½ years), Girl (7 years), and Boy (3½ years)**—Per week.—Bread 20lbs., flour 3lbs., oatmeal 1½lbs., rice ½lb., sago and cornflour ½lb., eggs 1 doz., milk 7 qts., sugar 5½lbs., jam 2lbs., treacle ½lb., butter 2lbs., beef 8lbs., mutton 4lbs., fish 2lbs., bacon ½lb., fruit (fresh) 8lbs., raisins ¼lb., currants ¼lb., potatoes 11lbs., onions 1½lbs., vegetables 8lbs., tea ½lb., coffee ¼lb. The cost at November prices was £2/6/1½ per week.

**Miscellaneous Items.**

**Husband, Wife, Boy (10½ years), Girl (7 years), and Boy (3½ years)**—Per Week.—Fuel 1½ cwt. wood, lighting 1/-, groceries (not food), 1/6, renewals of household utensils (general and cooking), 6d., renewals of household drapery, etc., 1 pair D.B. blankets, to last 15 years; 2 pairs S.B. blankets, to last 15 years; 1 D.B. quilt, to last 15 years; 2 S.B. quilt, to last 10 years; 1 pair D.B. sheets, to last 2 years; 2 pairs S.B. sheets, to last 2 years; 5 pillow slips a year; 3 towels a year; 1 tablecloth, to last 5 years; 5 serviettes, to last 5 years; 2 pairs window curtains, to last 4 years; renewal of household crockery, glassware and cutlery 4½d., union dues 6d., lodge dues 1/3, medicine, dentist, etc.. 9d., domestic assistance 1/6, newspapers, stationery, and stamps 1/-, recreation, amusements and library 2/-, smoking 2/-, barber 3d., fares 2/6, school requisites 3d. The cost at November prices was £1/0/10½ per week.

Total Cost of Living, Melbourne, November, 1920.—

| | | | |
|---|---|---|---|
| Rent .. .. .. .. .. .. | £1 | 0 | 6 |
| Food .. .. .. .. .. .. | 2 | 6 | 1½ |
| Clothing .. .. .. .. .. | 1 | 9 | 0 |
| Miscellaneous .. .. .. | 1 | 0 | 10½ |
| | £5 | 16 | 6 |

The quantities correspond closely to those of the U.S.A. Workman's Budget for a family of five determined last year by different methods under the direction of Dr. Royal Meeker, the Commissioner of Labour Statistics. (See p. 106 of Second Report.) The Commission's Finding itself of £5/16/- per week has never been impugned as excessive,

though every shilling of expenditure is set down plainly to facilitate criticism. The "Sydney Morning Herald," February 7, 1921, said, "The more general opinion is that for the morale and physique of the nation we are, and hope to remain, the Finding is not excessive, given the domestic unit for which it is expressly designed."

**A Charter of Comfort.**

To adopt a term used by Irving Fisher in his work, "Stabilizing the Dollar" (1920), the Commission fixed the contents of a *market basket* of necessary commodities and services, and also a method by which the typical family would always be able to obtain this "market basket," no matter what the fluctuation in current prices. As the Commission said (Main Report, p. 13), "the purpose of the Government in appointing this Commission was to obtain authentic materials upon which a charter of comfort for employees in the Commonwealth might be framed."

In the controversy which has ensued it has been stated that this Commission "fixed" £5/16/- per week as the basic wage, sometimes that the Commission "recommended" it. Neither statement is correct. Like all Royal Commissions, it had no power to "fix" any right or dictate any duty; it could but inquire and report upon facts. It could, of course, have made any recommendation it thought fit to make. In point of fact, it did not exercise that power, and would not have done so without first investigating the producing power of the country to pay a wage, and also the matters dealt with in my Memorandum (pp. 22-26 of this pamphlet). The Commission was not asked to say what ought to be the basic wage, or what domestic unit should be taken for that wage. It may have been intended by the Prime Minister, and it was very widely expected, that whatever the Commission found as necessary for the typical family of five would, in accordance with what had up till then been the practice, become the basic wage for all adult male employees. But the Commission had nothing to do with the use to be made of its finding of fact under Clause 1, any more than with the question whether the authority to make effective its findings should be the Legislature directly or the Commonwealth Arbitration Court, or the Court under some direction of the Legislature, or the Court in part and the Legislature in part. It may be pointed out that the Prime Minister's promise was not to enact a basic wage but

to "create effective machinery to give effect to these principles"—a term which, as will be shown, can never be satisfied by a continuance of the "flat-rate" feature of the present domestic unit.

It has been mentioned that the prevalent basic wage under awards of the Commonwealth Arbitration Court at the date of the Report was £3/17/-. It will naturally be asked how a wage so far below the cost of living of the typical family as determined by the Commission came to be fixed? The answer is that it was the joint result of three factors—(1) that while the Harvester Case declared the doctrine of the living wage, the actual decision that 7/- per day was fair and reasonable remuneration for an unskilled labourer was not based on the cost of living; (2) that Award rates were fixed on past price-levels in a period of rising prices; (3) that the method of bringing the Harvester wage up to date involved using imperfect materials.

**Real ratio decidendi of Harvester Wage.**

The Harvester Case was one law-suit between particular individuals, and the hearing, including many matters other than the living wage, occupied 19 days. It was thus impossible to ascertain the cost of living for the purpose of an Australian standard of frugal comfort in the time occupied. One inquiry in N.S.W. took four months for Sydney only. The American Budget inquiry involved research into the affairs of many hundreds of households; the Basic Wage Commission spent eight months in taking evidence continuously in the six capitals, and examined 800 witnesses and 450 household budgets, as well as 580 exhibits, mainly lists and estimates of articles and prices.

The whole of the reasoning which led to the determination of 7/- per day is now set forth, the dividing letter **X** being inserted:—

"I have tried to ascertain the cost of living—the amount which has to be paid for food, shelter, clothing, for an average labourer with normal wants, and under normal conditions. Some very interesting evidence has been given, by working men's wives and others; and the evidence has been absolutely undisputed. I allowed Mr. Schutt, the applicant's counsel, an opportunity to call evidence upon this subject even after his case had been closed; but notwithstanding the fortnight or more allowed him for investigation, he admitted that he could produce no specific evidence in contradiction. He also admitted that the evidence given by

a land agent, Mr. Aumont, as to the rents, and by a butcher as to meat, could not be contradicted. There is no doubt that there has been, during the last year or two, a progressive rise in rents, and in the price of meat, and in the price of many of the modest requirements of the worker's household. The usual rent paid by a labourer, as distinguished from an artisan, appears to be 7/-; and, taking the rent at 7/-, the necessary average weekly expenditure for a labourer's home of about five persons would seem to be about £1/12/5. The lists of expenditure submitted to me vary not only in amounts, but in basis of computation. But I have confined the figures to rent, groceries, bread, meat, milk, fuel, vegetables, and fruit; and the average of the list of nine housekeeping women is £1/12/5. This expenditure does not cover light (some of the lists omitted light), clothes, boots, furniture, utensils (being casual, not weekly expenditure), rates, life insurance, savings, accident or benefit societies, loss of employment, union pay, books and newspapers, tram and train fares, sewing machine, mangle, school requisites, amusements and holidays, intoxicating liquors, tobacco, sickness and death, domestic help, or any expenditure for unusual contingencies, religion, or charity. If the wages are 36/- per week,* the amount left to pay for all these things is only 3/7; and the area is rather large for 3/7 to cover—even in the case of total abstainers and non-smokers—the case of most of the men in question. One witness, the wife of one who was formerly a vatman in candle works, says that in the days when her husband was working at the vat at 36/- per week, she was unable to provide meat for him on about three days in the week. This inability to procure sustaining food —whatever kind may be selected—is certainly not conducive to the maintenance of the worker in industrial efficiency. [X] Then, on looking at the rates ruling elsewhere, I find that the public bodies which do not aim at profit, but which are responsible to electors or others for economy, very generally pay 7/-. The Metropolitan Board has 7/- for a minimum; the Melbourne City Council also. Of seventeen municipal councils in Victoria, thirteen pay 7/- as a minimum; and only two pay a man so low as 6/6. The Woodworkers Wages Board, 24th July, 1907, fixed 7/-. In the agreement made in Adelaide between employers and employees, in this very industry, the minimum is 7/6. On the other hand, the rate in the Victorian Railway Workshops is 6/6. But the Victorian Railways Commissioners, do, I presume, aim at a profit, and as we were told in the evidence, the officials keep their fingers on the pulse of external labour conditions, and endeavour to pay not more than the external trade minimum

*The employer in question was paying 6/- per day.

(page 388). My hesitation has been chiefly between 7/- and 7/6; but I put the minimum at 7/- as I do not think that I could refuse to declare an employer's remuneration to be fair and reasonable, if I find him paying 7/-. Under the circumstances, I cannot declare that the applicant's conditions of remuneration are fair and reasonable as to his labourers."

Dealing with this passage up to the dividing letter (X) it is clear that the evidence, though uncontradicted, was very slight in volume. We hear of "*a* land agent" as to rent, "*a* butcher" as to meat, and "nine housewives" as to rent and food combined. In the history of the new social jurisprudence, it will seem surprising that a decision upon which the way of living of millions of Australian citizens in the intervening thirteen years has ever since depended, should have been reached upon such slender materials. even as to rent and food. But more serious still is the lacuna left by the absence of all evidence as to Clothing—always a formidable expense, as it is a primitive essential—and the absence, too, of any evidence upon the multifarious needs called in such investigations "Miscellaneous Requirements," and including "light [and fuel], furniture, utensils (being casual, not weekly expenditure), rates, life assurance savings, accident or benefit society, mangle, school requisites, loss of employment, union pay, books and newspapers, intoxicating liquors, tobacco, sickness and death, domestic help or any expenditure for unusual contingencies, religion or charity." (Items mentioned in the Harvester Case.)

The real basis, however, of the Harvester Case is not to be found in the facts as to the cost of living thus mentioned, for these only accounted for £1/12/5 per week (the cost of Food and Rent), there being, as mentioned, no information of any kind as to the missing sections (Clothing and Miscellaneous), and no evidence therefore upon which to base, with even an approach to calculation, a finding of £2/2/- any more than of £3/3/- or of £4/4/- per week. It is when we turn to the passage beginning at (X) that the true basis of the decision is clear. It is as follows:—

Certain actually paid rates of wages were ascertained and a blend was made out of the Adelaide rate in the industry in question (7/6 per day), and the lowest rate paid by a public body (6/6) with a majority of other rates at 7/-; the

final choice being made as between 7/- and 7/6, the Court feeling "hesitation chiefly between these rates."

Yet these actually paid rates did not pretend to be based upon "the normal needs of a family of about five persons living in a civilised community;" there was no evidence as to their sufficiency for such a family's enjoyment of "a condition of frugal comfort estimated by current human standards;" those rates had, in fact, been arrived at by just that old method of "the usual, but unequal contest, the higgling of the market" which it was the mission of the new doctrine to render obsolete.

If the cost of living for the five-in-family, as ascertained by the Basic Wage Commission, be computed for 1907 (using the Commonwealth Statistician's index numbers) the year of the Harvester Wage, it is £2/13/8 per week, nearly 25 per cent. more than was then awarded. From the Second Report of the Commission a comparison can be made of the basic wage awards from time to time with the living cost of the five in family. The following figures are given from Table A and Table F of Second Report (p. 102 and pp. 104-105):—

MELBOURNE.

Cost of Living of Typical Family.

| 1914. | 1915. | 1916. | 1917. | 1918. | 1919. | 1920. |
|---|---|---|---|---|---|---|
| £3/7/9 | £3/16/9 | £3/17/5 | £4/2/2 | £4/8/10 | £4/18/5 | £5/16/6 |

Commonwealth Award.*

| 1914. | 1915. | 1916. | 1917. | 1918. | 1919. | 1920. |
|---|---|---|---|---|---|---|
| £2/13/- | £2/13/- | £3/1/2 | £3/3/- | £3/2/8 | £3/9/- | £3/18/- |

If it be objected that the standard of comfort determined by the Commission to be reasonable may be higher than that determined in the Harvester Case, the answer is that no standard was determined in that case. It is impossible to say how much of any item would have been adjudged sufficient except rent (7/- per week). Even that was not ascertained for Melbourne, but for a suburb (Sunshine) where rents were 2/- lower at the time. Yet this 7/- has remained as the Melbourne standard from which to make adjustments—a strange misadventure. (Main Report, p. 11).

*The highest award in each year has been taken.

**Failure of Realization.**

A dissection of the cost of living of the family of five made from the material on which the total finding for the typical family was based shows that man and wife need, roughly speaking, seven-tenths and each of the three children one-tenth of the total. (Man and wife £4, each child 12/-, making £5/16/-).

The Harvester Wage, according to the standard ascertained by the Commission, should have been £2/13/8, and if the ratios just given were applied there would be needed for:—

| | |
|---|---|
| Husband and wife .. .. .. .. .. .. | £1 17 7 |
| Each child .. .. .. .. .. .. .. .. .. | 0 5 4 |

It will be seen, therefore, that the Harvester Wage, £2/2/-, provided (practically) a reasonable standard of comfort for a married couple with only one child, and that then and ever since any larger family has been obliged to live at a standard below what is reasonable.

In view of this fundamental fact, it is not to be wondered at that industrial arbitration has failed to prevent strikes for higher wages. The wonder is rather that the system has been respected by the workers as much as it has been. For it is important to remember that all the propagandist material either for strikes or for revolutionary change comes invariably from the privations of the family. It is the wives and the children, who as they suffer most, so they furnish the readiest and most poignant illustrations of industrial injustice in the matter of the living wage awarded. Workers without family obligations may feel resentment at the unequalness of fortune; they do not know the year-long bitterness of the underpaid family man. Since this was written, Mr. Justice McCawley, the President of the Queensland Arbitration Court, has commented on the way in which this argument is sometimes used. He said:—

"The financial difficulties of the married men with children are always made the basis of the unions' arguments.

"We cannot refrain from contrasting the solicitude of the unions that the man of 21—mostly single without dependents —should receive the full basic wage with their rejection of the Government's proposal, under which every married Government employee with three children should receive not merely the basic wage of the Court, but emoluments amounting to £252 a year, a sum which, with the present purchasing power of money in Queensland, would be approximately

equivalent to the full basic wage found by the Federal Basic Wage Commission."

There has to be added the unsatisfactory method of adopting wages to living cost from time to time. Since 1914 the cost of living has gone up continuously. With the worker's family perpetually climbing up against the slope of an inadequate standard, the awards of a basic wage, when made, were always a year at least behind the level of prices.* Once made, they remained for three years unless varied. From 1907 onwards, therefore, and especially throughout the years 1915-1920, the couple with two or more children to keep did not get in any single year the current equivalent even of the Harvester Wage.

Little need be said as to the calculus by which the changes in the cost of living were measured. The Commonwealth Statistician published (not for wage-fixing purposes) quarter by quarter, index-numbers which took the cost in 1911 of Rent and Food combined as 1,000, and computed the corresponding cost for other years accordingly. As long as Clothing and Miscellaneous Requirements increased *pari passu* with Rent and Food, these index-numbers rightly measured the changes in the total cost of living, but from 1916 onwards Clothing and Miscellaneous Requirements advanced much more rapidly than did Rent and Food, and again the worker was penalised when the index-numbers, framed on the less rapidly mounting sections, were applied to bring the Harvester Wage up-to-date.

The basic wage has therefore in the case of families fallen short of the cost of living for three reasons:—

1. The cost of living was not originally ascertained in 1907;
2. The adjustment of wages to cost of living in a period of rising prices was always behindhand, and the wage, which thus was already too low at the date of the Award, was projected into the years of decreased purchasing power during which the award operated.
3. The adjustment overlooked the fact that the cost of Clothing and Miscellaneous Requirements was, in some years, rising more rapidly than that of other sections.

*Main Report, p. 56.

The evidence before the Basic Wage Commission left it beyond doubt that families of five on the basic wage have always been straitened and have been in the last four years severely straitened. The clothing of every member of the family could not be adequately replaced when worn out—a fact noted by Mr. Justice Powers (Deputy President of the Commonwealth Arbitration Court) as early as 1917 (11 C.A.R. at p. 103.) Even as to food there was hardship in important respects (notably meat*), and life was conducted on the closest margin. The smallest breach in the slender defences of the family—an illness or a strike—meant disaster. As the Commonwealth throughout these years was, once the 1915 drought effect passed off, enjoying prosperity beyond record, it may be asked how such a condition of things continued at all, even with well-nigh chronic occurrence of strikes.

The answer is that as the figures on p. 15 show, the basic wage was (originally and apart from failure to overtake rising prices) adequate for a family with one child. It was therefore more than adequate for the childless married and for the unmarried. These constitute about 62 per cent. of the total male wage earners, while the married with one child are another 8 per cent., so that 70 per cent. of male wage-earners (not of wage-earners' families) were getting enough. But the other 30 per cent. of male wage-earners, in number, 300,000, had to maintain their wives and about 820,000 children, assuming that the adult male wage-earners of the Commonwealth number 1,000,000.†

Let us now see how far the new doctrine has, under existing law, borne fruit in the actual condition of the people, assuming that mothers and children are also "human beings living in a civilised community" (to use the classical definition of the living wage doctrine), and entitled therefore to the same standard of frugal comfort as any other human beings.

*Consumption per head per annum in Victoria fell from 225 lbs. to 175 lbs. from 1913 to 1916. (Inter-State Commission's Prices Investigation Report, No. 2).

†Mr. Knibbs in November, 1920 (memorandum) estimated the number as 1,020,000.

**Members of Workers' Households.**

Table B.

| Classification | More than adequately provided for by the five-in-family unit for the basic wage | Adequately provided for by the five-in-family unit for the basic wage | Inadequately provided for by the five-in-family unit for the basic wage |
|---|---|---|---|
| Unmarried Males . . . . . | 450,000 | | |
| Families in which children grown up { Husbands . | 92,945 | | |
| Families in which children grown up { Wives . . . | 92,945 | | |
| Families with no children . . . . { Husbands . | 70,950 | | |
| Families with no children . . . . { Wives . . . | 70,950 | | |
| Families with one child . . . . . { Husbands . | | 80,298 | |
| Families with one child . . . . . { Wives . . . | | 80,298 | |
| Families with one child . . . . . { Children . . | | 80,298 | |
| Families with two children . . . . { Husbands . | | | 79,749 |
| Families with two children . . . . { Wives . . . | | | 79,749 |
| Families with two children . . . . { Children . . | | | 159,498 |
| Rest of Families. { Husbands . | | | 226,058 |
| Rest of Families. { Wives . . . | | | 226,058 |
| Rest of Families. { Children . . | . | | 660,204 |
| | 797,790 | 240,894 | 1,431,316 |
| Per cent. of total . . . . . | 31.8 | 9.8 | 58.4 |

Thus the Harvester Wage, disregarding maladjustments, has been—

1. A true living wage for about one-tenth of the workers and their wives and children;
2. Above a true living wage for 32 per cent. of that community;
3. Below a true living wage for nearly two-thirds of that community (58.4 per cent.).

The concrete figures are approximate, the total number of male workers, 1,000,000 being estimated. The ratios, however, are exact.

**Reasons for acquiescence in failure.**

The fact, therefore, that the Harvester Wage has held the field so long in no way proves, or even suggests, its adequacy as a family living wage for five persons, but is due to the following reasons:—

1. Any rise in wages is always welcome, and the Harvester Wage represented a slight rise.
2. Single men, without dependants, whose actual living requirements—apart from potential needs, such as saving for marriage—on the same standard, are about one-third of those of the family of five, have always enjoyed more than twice their living wage. True, single men are continuously passing into the ranks of married men and fathers, but so too are their ranks continuously fed from youths; so that there is always a large proportion (about 50 per cent. of workers, adult males, not families), who receive much more than is necessary even if, as a result of the system, the children of others do go short, and later on their own children will go short.
3. The third influence reconciling workers with the "hope deferred" upon which they had to subsist, has been that the margin for skilled workers being added to the basic wage for unskilled workers mitigated much actual privation.
4. And lastly, since 1914 the loyal response by the great mass of workers to the appeals made by Arbitration Judges on account of the War operated tangibly though silently for industrial peace. The Reports of the Inter-State Commission during the Prices Investigation, 1917-19 (notably those dealing with Groceries, Meat, Boots, and Clothing) show that had other classes in the community practised the same moderation, the cost of living in Australia would not have been felt so seriously as was the case, nor would the plight of families, whose needs have had to remain unreplenished, be what it has now become.

**Harvester Case a pioneer decision.**

It remains to note that the miscarriage of the doctrine laid down in the Harvester Case is to be attributed to the fact that it was a pioneer decision. In 1907 there was no instance known of a cost-of-living investigation under national auspices, and any enquiry had to be carried out with such

scanty materials as a few small Unions to one litigated case happened to think of and could afford to present. The experience of every tribunal or Bureau that has since made such investigations shows that the richest of litigants would not face the expenditure, any more than the least congested of Courts could spare the time, for the adequate investigation of such a matter.

It will be explained presently how the doctrine laid down in the Harvester Case in 1907 was still ineffectual in 1920, but no criticism of the Harvester Case would be just which failed to recognise the intellectual courage shown, and the immense service rendered to the community, by a Judge who accepted the responsibility of lifting the new doctrine on to the plane of substantive law. It is one thing for writers or speakers to propound humane principles and urge their adoption into public opinion; it is quite a different thing to risk the disesteem and hostility which may follow when the force of law is made to operate against large classes of citizens by judicial action. It is, of course, a common thing with any British judiciary to regard such consequences as unworthy of consideration compared with the conscientious discharge of public duty. But greater far than such persuasions to inaction is the natural aversion of responsible men to putting into jeopardy the existing framework of industry—so complex and so sensitive to any introduced disturbance. It ought not to be overlooked, in this connection, that later on Mr. Justice Higgins not only laid down the doctrine that industry ought to pay a living wage, but added to that declaration of new law the corollary that an industry which could not comply with the obligation to pay a living wage ought not to exist.* The living wage was thus to be considered (in his words) as "sacrosanct."

*(3 C.A.R., p. 32).

## CHAPTER III.

## THE NEXT STEP.

But while there is no credit in being wise after the event, there is less credit in refusing to be wise after the event, and the review of the Harvester Case in the light of the Basic Wage Commission's Report opens up far more serious matter than the criticism which the Full Bench of the Industrial Arbitration Court in Queensland regarded as showing "how imperfect and incomplete were the materials upon which the Harvester decision was based."*

**The Domestic Unit for the Basic Wage.**

As has been shown (page 10), the Basic Wage Commission was not asked to consider what ought to be the domestic unit taken as the basis for the living wage, nor to advise whether the new doctrine could ever be carried out into actual realization on the principle of paying a flat rate to all male employees alike. Yet simply because it determined for the first time the real cost of living of a family of five, the Commission's work brought into high relief the impossibility of providing by means of the male worker's wages alone for the enjoyment by all employees and their families of a reasonable standard of comfort. The result is that the development of the doctrine of a living income for families has now reached a new point of departure. In spite of the strong efforts now being made, that doctrine cannot be eliminated from the beliefs and convictions of the Australian people. It cannot be carried out by the present system, and, therefore, whatever the delays and whatever the opposition to a new departure, that new departure must be made. It is necessary now to trace what has happened in the Commonwealth since the Commission presented its Report on November 19th, 1920.

*Queensland Government Gazette, Feb. 24, 1921.

Immediately upon the presentation of that Report the Prime Minister obtained from the Commonwealth Statistician, Mr. G. H. Knibbs, C.M.G., a memorandum upon the feasibility of paying to all adult male employees the amount of £5/16/- per week. The crucial point in that Memorandum was a conclusion that may be thus stated:—

**Mr. Knibbs' Memorandum.**

> Such a wage cannot be paid to all adult employees because the whole produced wealth of the country, including all that portion of produced wealth which now goes in the shape of profit to employers would not, if divided up equally amongst employees, yield the necessary weekly amount.

I do not propose to pronounce an opinion upon the correctness of the Commonwealth Statistician's conclusion. To do so would need a very careful investigation of an extremely complicated nature. It is obvious, however, that such a conclusion by a very distinguished statistician is so destructive of the present system of taking the requirements of five persons as the measure of the wage to be paid to every individual worker, that it left the Federal Government, and will leave, not only the Federal Government, but every State Government and every Arbitration Judge, under the necessity of refusing to enact or adjudge a payment of £5/16/- per week to every employee unless and until Mr. Knibbs' conclusion can be authoritatively overthrown.

On the day on which Mr. Knibbs' Memorandum was presented (Nov. 22nd, 1920) to the Prime Minister I was asked by the latter to discuss with him the situation. The result of that discussion was that I sent him the Memorandum,* of which the parts relevant here are as follows:—

**Memorandum by the writer.**

**[Prime Minister's] Question 3.**

**3. How the said finding of the Commission can be made effective so as to secure for every employee the actual cost of living according to its true incidence, accepting the finding of £5/16/- as the actual cost of living for a man, wife and three children.**

*This memorandum was not signed by me as Chairman because time did not permit of my consulting my colleagues. Nor, in any event, could they very well take part in the matter since they had no "mandate" from the associations who had nominated them to express their opinions on a matter outside the Letters Patent.

**(a)** To secure the actual cost of living for each employee according to its true incidence, it is desirable that every employee should receive enough to keep a man and wife.

(1) because during bachelorhood, which ends, on the average for the whole Commonwealth, at the age of 29, ample opportunity should be provided to save up for equipping the home.

(2) because a man should be able to marry and support a wife at an early age.

The figures as to 450,000 non-existent wives may therefore be disregarded.

**(b)** Every employee must be paid the same amount of wages; otherwise married men with children will be at a disadvantage. There is, indeed, no conceivable reason, either on economic or humane grounds, why an employer's obligation to each individual employee should vary with the number of that employee's children.

**(c)** There is, however, every reason why employers as a whole throughout the Commonwealth should pay for the living needs of their employees as a whole. Indeed, that they should do so is the basis of the whole theory of the living wage. The proposal below for a tax upon employers as a whole is based upon this consideration.

**(d)** The desired result can be secured by a basic wage of £4 per week paid by the employer to the employee, and the payment of an endowment for all dependent children, whether three, or less, or more, in the family at the rate of 12/- per week.

Thus the employee would receive as follows:—

| | £ s. d. per week | Composed of £4 per week plus child endowment by Commonwealth Government to the amount of:— |
|---|---|---|
| If a bachelor . . . . . | 4 0 0 | |
| If married but with no dependent children . . . . . | 4 0 0 | Nil |
| Married with one child . . | 4 12 0 | 12/- |
| Married with two children | 5 4 0 | 24/- |
| Married with three children | 5 16 0 | 36/- |
| Married with four children | 6 8 0 | 48/- |
| Married with five children . | 7 0 0 | 60/- |
| | And so on adding 12/- per week for each child. | |

The above Table shows that every basic wage earner's family in the Commonwealth with even one dependent child is now receiving less than a reasonable standard of comfort. When it comes to *three* dependent children, the shortage is formidable and justifies the evidence given on 25th August by the President of the Hobart Chamber of Commerce . . . . . that with prices as they are, a man with a wife and three children on a wage of £3/17/- "is having a rotten bad time of it." (Q.90145.)

It is shown below that this situation is incurable if the fiction is adhered to that every employee supports a wife and three children. The man who really has such a family can never attain the reasonable standard of comfort ascertained by the Commission.

The number of families thus adversely and permanently affected will be seen to be—

| | |
|---|---|
| Married, with one child .. .. .. .. .. .. .. | 78,288 |
| Married, with two children .. .. .. .. .. .. | 77,752 |
| Married, with more than two children .. .. .. | 220,400 |
| | 376,440 |

These are 1911 figures, and would be now about 386,000 families, or 38.6 per cent. of all the employees (married or unmarried) of the Commonwealth, or about 70 per cent. of all *married* employees.

**[Prime Minister's] Question 5.**

**5. The effect of paying £5/16/- per week to all employees upon prices and upon the actual realization of the desired standard of comfort.**

If £5/16/- is paid to all employees, it is demonstrably impossible ever to provide for the family with three children the standard of comfort determined by the Commission, and now procurable for the amount of £5/16/-. This is because of the resultant rise in prices. There may, of course, be modifying influences, or other economic factors, such as a general drop in world prices, but this must be laid out of consideration in order to perceive clearly the effect which must follow from the cause to be presumed. Omitting, therefore, all other influences on prices in order to isolate the issue and show what the wage rise from £4 to £5/16/- —about 45 per cent.—would do in bringing about increased prices, the table printed in Knibbs' Labour Report, No. 6, page 183, shows that it will be impossible for the worker ever to catch up to the standard of comfort now purchasable

for £5/16/- after all necessary adjustment of prices and re-adjustment of wages take place. Thus, with quarterly automatic adjustments of wages to prices, assuming labour-cost to be 50 per cent. production value or price, then if a present wage of £4 were increased to £5/16/- the following table shows what would be the course of events:—

| | Rise in Money Wages. | | Percentage Increase | Resulti'g Effect on Prices, Percentage. |
|---|---|---|---|---|
| | From— | To— | | |
| November, 1920 . | £4 0 0 | £5 16 6 | 45 | 22½ |
| February, 1921 .. | 5 16 6 | 7 3 0 | 22½ | 11¼ |
| May, 1921.. .. .. | 7 3 0 | 7 19 0 | 11¼ | 5½ |
| August, 1921 . .. | 7 19 0 | 8 7 9 | 5½ | 2¾ |
| November, 1921 . | 8 7 9 | 8 12 4 | 2¾ | 1⅜* |

*Continuable indefinitely.

It will be seen that taking the adjusted wage in the second column and the wage from which it will have been adjusted in the first column, and comparing them, the worker will every quarter be getting a less wage than is necessary for the standard of comfort for the typical family.

### Comparison of Alternative Scheme.

An alternative scheme enabling every employee to have the standard of comfort prescribed by the Commission could be prepared on these lines.

If employers were to pay £4 to each employee, and a tax of £27/18/- per year—10/9 per week per employee—the latter would bring in the necessary £27,900,000 a year for the endowment of the 900,000 children. The Commonwealth could then pay to the mothers of families 12/- a week for each child.

The total obligation of the employer would be £4/10/9 (wage and tax) per week.

### Effect as to Employees.

1. Every employee would receive enough for a man and wife. He could marry or save for marriage as soon as he earns a man's wage.

2. Every worker's family would receive its cost of living, no matter how many children there were.

3. There would be an effect on prices only if the employer passed on the full amount of the tax. The effect on prices would be about 6 per cent. increase instead of 22½ per cent.

**Barger's Case.**—In my opinion, a law imposing a tax upon employers according to the number of their employees would not be affected by the decision in Barger's Case (6 C.L.R. p. 41) because it would be what it professed to be, a tax upon citizens according to the magnitude of their interests measured (in this instance) by the number of their employees. What the Commonwealth does with the revenue from such a tax is a matter for Parliament to determine.

[In this case a Federal Statute imposed duties of excise which could be remitted if the conditions of employment were "fair and reasonable." The High Court held that this Statute was not in substance a taxing Act but an Act to regulate the conditions of labour within a State, which the Federal Parliament cannot validly do.]

A law for the maintenance or endowment of the children of the Commonwealth is just as much a law of the peace, order and good government of the Commonwealth as are laws for the payment of a maternity bonus or of old-age pensions.

(End of Extract from Memorandum).

It is important to observe that the answer to Question 3 is in no sense put forward as a compromise or "second-best." The conclusion had been forced upon me during the later months of the inquiry that a method of this sort was not merely one way but the only way of so distributing the products of labour as to give all workers a reasonable standard of living.

For this reason I urged it upon the Prime Minister on November 22, after Mr. Knibbs' memorandum had made impossible the payment, as a basic wage, of the Commission's Finding (p. 22).

On the following day the Prime Minister, in the House of Representatives, read the relevant portions of Mr. Knibbs' Memorandum and of mine, and announced that the Government refused absolutely to make the Basic Wage in Australia £5/16/- per week, but would reserve its decision as to the scheme contained in my Memorandum.

**A Turning Point. The Federal Public Service.**

For some weeks before there had been serious agitation in the Public Service of the Commonwealth for better wages. Within three weeks of the Prime Minister's speech in the House the Government announced the following policy:—

First. Married men were to receive £4 per week. (The Commission's Finding of £5/16/- was thus endorsed

by the Government, £4 being the proportion allocated in my Memorandum to man and wife.)

Second. There was to be an endowment of 5/- per child per week. This was coupled with the announcement that it was not suggested that this amount was sufficient.

Third. Single men had £12 per annum added to their salary, being the amount by which the new salary of £4 for married men exceeded the old salary of the latter.

Fourth. All future matters of wages were left to the Public Service Arbitrator (since appointed).

This policy is the first instance in any country of the adoption of child endowment. It silenced all agitation.

In the light of these facts, it would appear that as soon as, for the first time, the actual cost of living of the typical family has been truly ascertained, the system of taking that family as the human unit of the basic wage for all employees crumbles to pieces, and another system becomes necessary. Certain points may next be developed:—

**Necessity for Reform.**

First. According to Mr. Knibbs the produced wealth of the country makes such a payment impossible.

Second. The necessary increase upon the cost of production, and therefore upon prices, and therefore upon the purchasing power of the worker, undermines the standard of actual living for men with families.

Third. Even if the wage could be paid yet industries carried on for export to countries where lower wages are paid, are exposed some of them to certain ruin, others to serious jeopardy.

Fourth. The principle of equality in the standard of living is violated in derogation of the rights of parents and children in workers' households.

I propose to deal with each of these points separately, but to deal with the last point first.

The legal maxim Equity is Equality can be put conversely in respect to individual rights in organized society—Equality is Equity. If the doctrine is sound that industry must provide the reasonable requirements of the worker and his family, it is only demonstrating the obvious to say that

**Equality of Standard for all workers.**

since the number of his children determines the extent of the family's requirements, provision which is to balance requirements must vary as the number of children varies. A flat rate of wage for all workers, irrespective of the needs of their children, is in itself a violation of the doctrine. Even if £5/16/- were paid to all workers, it would yet be an invasion of the Equality of Man that a worker with the obligation to support four other human beings should receive only the same as the worker with no such obligation.

Yet the history of ideas shows, sometimes tragically, that it is in many cases necessary to demonstrate the obvious. When on Bunker Hill "Democracy,' 'in Carlyle's words, "in rifle-volleys death-winged announced that it was born and whirl-wind-like would envelope the world," and when a little later the Declaration of Independence announced:—

"We hold these truths to be self-evident, that all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness,"

who that realises what we have reached now in Australia by way of personal liberty and political equality can view without amazement the 80 years of bitter unreason and the four tragic years of internecine strife that the American people were to endure before chattel slavery was abolished? Yet if it is a commonplace that commonsense is the least common of possessions, it is none the less certain that no country can go on for ever violating commonsense. A fallacy, like an "outlaw" amongst horses, may carry its rider quietly for a while, but it will inevitably throw him in the long run.

The first step in the discussion is to realise that all the older economic theories of wages must be cast aside. The theory of a living wage is based on rights in Distribution. not on service in Production. Its basis is, therefore, ethical, not mercantile or even contractual. It is "a dictate of human nature more imperious and more ancient than any bargain between man and man." (Encyclical, quoted p. 2.)

The next step is to realise that the theory cannot be carried into practice at all, except on the principle "to each according to his needs."

In the ordinary wage-system—the "higgling of the market" —the only way in which the family obtains some indirect

consideration is that the employer cannot do without family men, and their pressure is added to the pressure of single men. What family men are willing to take is blended with what the single man is willing to take, and their needs with his needs. In this blending the family man inevitably suffers. Neither just participation in the products of labour, nor value to the community of mothers and children comes into the matter at all. But once the "iron law" of wages is displaced by the Australian doctrine of a minimum share in the fruits of industry based on human needs, there is also displaced, by inexorable necessity, the "tap-root" idea in other countries, of expecting all males to live on the same amount, their children merely sharing what the fathers can get by "higgling."

**Position of Mothers and Children.**

A work with a striking title was published in America a few years ago by the famous Judge Lindsay, "Horses' Rights for Women." Its theme was the right of women to "the normal needs of a human being living in a civilised community," just as a horse has rights of "fair and reasonable treatment" in Mr. Justice Higgins' words already quoted. I allude to it now only to submit, by analogy, that in this question of a living wage the children also of the workers have rights as individual citizens, not as mere inclusive appendages in a compromise. From the moment of their birth they have a right to expect that the nation will so order its economic structure that they can live. "All men are *created* equally entitled to life," says the Declaration of Independence. It is a fond fashion of Homer to describe the family as "wordless children," which reminds us that their claim to life at the hands of the community cannot be voiced by themselves. Yet that wordless claim is as convincing as was the clutch of the foundling infant's hand on Squire Western's finger in Fielding's Tom Jones. What is wanted in Australia is not rhetoric bedecked with baby-ribbon upon "The Day of the Child," nor benevolent asylums, nor the kindly provision of crêches or baby clinics, or children's playgrounds, or occasional treats —admirable as such charities are—but a strict and even-handed canon of plain justice which will recognise that the children of those engaged in industry have a right to maintenance from industry, and that the mother who rears chil-

dren for the future of industry and of the State has a right to receive the only wage she ever asks—enough to enable her as society's trustee for nurture and education to discharge the duties of her trust.

Upon what principle of social justice, to say nothing of social wisdom, are we to perpetuate a system like the present which, in the name of family support, penalises parenthood while simultaneously offering money-prizes to the childless?

**Federal Public Service and Private Employment.**

The experience of the Federal Public Service has shown that even an instalment of child endowment—admittedly less than is needed—lightened the heavy burden of men with families to a great extent. But what is the position of those workers outside the service? They have neither the security of employment, nor the recognition of their children's rights, which the Federal public servant enjoys.

Nor can the evil be remedied by any prescription or regulation of the wages paid to individual workers. Only employers having a monopoly could inaugurate payment for the children of their employees. If an employer exposed to ordinary competition were voluntarily to super-add to wages the payment of child endowment, his production costs would be so increased that he would be undersold by competitors who refused to follow that example. If, on the other hand, the law compelled the employer to pay, as part of wages, such an endowment directly to individual employees according to the number of their children, we should soon see men with children dismissed as far as it was possible to do so. And if, therefore, the wages system is to last, the children's needs can only be met by pooling the provision for them and pooling the obligation to make that provision. This a plan of motherhood endowment can do because it permits of equal endowment for each child, no matter what the number in a family. And to provide the necessary revenue a tax upon employers according to the number of their employees is necessary because there is no other source of revenue still untapped which will yield the necessary sum (about £30,000,000 per annum).

The Government of New South Wales has promised to introduce a Bill for endowing mothers to the extent of 6/- for all children beyond the number

of two. The amount is half what it should be (taking November, 1920, prices), but even so it is officially estimated that the annual revenue necessary for distribution in New South Wales would be £1,100,000. I have very good reason to think it will be nearer £3,500,000. During the recess the Minister for Motherhood, under strong public pressure, proposed to raise the money by a State Lottery, but what are the prospects of thus maintaining the children of the community by the mutual gambling of their elders? The State could hardly, after paying the expenses of management (say, 15 per cent. of the contributions), annex for distribution more than another 10 per cent. of the money invested. It would, therefore, be necessary that the Lottery should bring every year 10 times £1,100,000, or 10 times £3,500,000, as the case may be. The people of New South Wales (about 600,000 male adults), would need to buy lottery tickets to the amount of £11,000,000 or, more probably, £35,000,000 per annum. For it is questionable whether other State Governments or the Federal Government (acting through its control of mail matter) would facilitate the transmission of money to New South Wales from other States for such a purpose.*

It is easy to see why the Government of New South Wales had recourse to this hopeless suggestion. If, as was attempted by the Holman Government in a Bill which passed in the Assembly, but was defeated in the Legislative Council, child endowment is to be financed by a tax upon employers, New South Wales as a single State could hardly face the position, because the total obligation of the employer (i.e., wage paid to the worker and tax paid to the Treasury), would so increase the costs of production in New South Wales that States with a lower wage and with no such tax, e.g., Victoria, could undersell New South Wales producers in their own markets. The lottery project was thus put forward under the pressure described, any port in a storm being after all a port.

A tax per employee carries out the main doctrine in strict fairness to all. Industrial employers cannot pay for the support of their individual employees' families. Even if

*Since the above was written the Victorian Government has prosecuted to conviction the seller of tickets in a Queensland State Lottery.

they wished to do so, that would make the cost of their production vary inversely with the fertility of their employees. But employers can pay collectively for the support collectively of their employees' families by a tax per employee, whether married or single, with children or without.

**The Financial Impossibility, according to Mr. Knibbs.**

I neither reject nor accept the conclusion of Mr. Knibbs that all the income of the country does not amount to £5/16/- per week for all the adult male employees, but I desire to emphasize the point that this conclusion has to be considered on the hypothesis that prices, and therefore production values, are taken at their existing level. If it is only a matter of *nominal* wages the income of the country would suffice, within the limits of production for internal consumption, for any wage that is asked for, the reason being that the nominal money wage would, as usual, be carried into the production cost by the passing-on process; therefore into the prices obtained, and therefore into the aggregate of the national income expressed in terms of money-value. But though a high nominal wage still continues to exercise part of its misleading fascination upon the workers, yet they have been feelingly persuaded that £1 a week to-day is not worth as much as 10/- a week was in 1907. A prominent labour leader once said to me, in connection with the Basic Wage Commission, that he would support the legalisation of its findings when they came out or Direct Action according to which course would bring to the worker "the goods over the counter." That is, of course, the very objective of Labour's just aspirations and of the system of judicially-fixed wages. But it is "the goods over the counter" that are the essential. If their price is trebled it is no use doubling the purchaser's money wage.

It is not therefore the impossibility as a matter of money wages or of currency that matters, but the impossibility of the country producing enough *goods* to meet the needs of half-a-million wives and 2,000,000 children who have no existence in addition to the men and mothers and children who do exist.

This is one answer to those who remind us that threatened collapses have not followed on previous increases in money-wages. The collapses have not come because, inside the circuit of our internal consumption, the employer has passed

on the new cost to the consumer. Collapses have not followed, but on the other hand the family man is no better off.

### Connection between the "Mythical" Children and Insufficiency of Production.

The sufficiency of the country's production to pay a supposed wage varies primarily with the number of workers in the country. The present basic wage system distributes the total wage-share of production on the supposition that each worker has a wife and three children.

I have shown that this amounts to postulating the existence of 2,100,000 workers' children whom we know to be non-existent. But the existence of children requires the existence of a given proportion of adult male workers to produce wealth for them, the ratio being in Australia ten male workers for every nine children. If then we "invent" 2,100,000 children, we must invent also about 2,330,000 adult male workers to produce the necessary wealth for them. Thus the present basic wage system distributes the wages-share of production as if our total population was 12 millions instead of nearly 5½ millions.

| | |
|---|---|
| Actual population .. .. .. .. .. .. | 5,320,000* |
| Mythical children .. .. .. .. .. .. | 2,100,000 |
| Mythical fathers .. .. .. .. .. .. | 2,300,000 |
| Mythical mothers .. .. .. .. .. .. | 2,300,000 |
| | 12,020,000 |

Such fallacious inventions court disaster.

This conclusion would cease to be just only if the present standard of actual living remained constant while the rate of production was trebled so that the actual million of workers produced in future as much as three times their number produce at the present rate of creating wealth. Mr. Knibbs' conclusion that the country's production of goods is not large enough to pay every worker the living needs of a man, wife and three children is therefore what might be expected.

I disregard, until demonstrated, any theories as to vast concealed national wealth or income about which any man

*Sep. 30, 1920.

can speculate, because all men are ignorant. If this notion has been rightly convicted of error by Mr. Knibbs, its wide acceptance may be explained by a mistaken impression created by striking inequalities of individual income. £100,000 a year seems an enormous income to the man on the basic wage of £200 a year. Yet divided amongst 1,000,000 wage-earners, it would yield 2/- a year, or ½d. a week. This does not, of course, make existing inequalities less provocative of discontent, but it suggests that improvement is not likely to be found in that direction.

**Relative Cost to Industry, and Therefore to Consumers, of Present System and of Family Basic Income System.**

At first sight the Finding of the Commission as to the cost of living of a man, his wife, and three dependent children represents a large increase on the present basic wage. The difference appears greater because the basic wage is fixed in the Arbitration Court by applying to the Harvester wage the increase in the cost of living, as shown by the Commonwealth Statistician's purchasing-power-of-money index-numbers, and taking for the adjustment the average of the four quarters preceding the date of the hearing. As this brings out too low a wage for current cost of living, the interval between that wage and the real cost of living appears all the greater.

At the time the Commission made its Report (November, 1920) the basic wage determined in the manner described was for Melbourne, £3/16/6. If, however, the determination had been made upon the index-number for the one quarter preceding (3rd Quarter, 1920), it would be £4/13/-. Taking this amount as representing actually what the Harvester basic wage should be for the same time as the Commission's Finding, it will be seen that the true incidence of the cost of living, according to that Finding, could be met by the system of a Family Basic Income at a less cost to industry than the inadequate wage under the system in vogue.

Taking the number of employees to be 1,000,000, the cost per week of a wage of £4/13/-, as the basic amount would be £4,650,000. Under the Family Basic Income scheme each employee, married or single, receives £4 per week. To this has to be added 12/- per week for each child under 14, a total of 900,000.

The cost would be

| | |
|---|---|
| Wages, 1,000,000 men, at £4 . . . . . | £4,000,000 |
| Child endowment, 900,000, at 12/- . . . . | 540,000 |
| | £4,540,000 |

as against £4,650,000 by the other method.

This may be further illustrated by the position in Queensland. The cost of living in Brisbane, as found by the Commission, was £5/6/- per week, which, dissected as before, = man and wife, £3/13/-, and three children at 11/- each. The Arbitration Court awarded £4/5/- per week.

Again applying these amounts to 1,000,000 employees, and 900,000 children, the cost of the two systems would be as follows:—

**Present System.**

| | |
|---|---|
| 1,000,000, at £4/5/- . . . . . | £4,250,000 |

**Family Basic Income System.**

| | |
|---|---|
| Cost of living for man and wife, £3/13/-, and for each child, 11/-. | |
| 1,000,000 employees, at £3/13/- . . . . | £3,650,000 |
| 900,000 children, at 11/- . . . . . | 495,000 |
| | £4,145,000 |

The reasons given by the Queensland Court for not giving effect to the Commission's Finding include the inability of industry to pay such a wage and the danger of inter-State competition, but it will be seen that if effect had been given to the Commission's Finding in the only logical way possible, the cost to industry would be actually less than under the wage given, and consequently the fear that inter-State competition would kill the Queensland industries need not have been considered. This, apart from the fact that the Family Basic Income system being proposed for the whole Commonwealth, all questions of inter-State competition are effaced.

It must not be forgotten that cost to industry is cost to consumers, the majority of them workers.

**The Actual Realization of the £5/16/- Standard of living by the family of five.**

The best standard of comfort is obtained where wages are high and prices low. It is a truism, but none the less a truth, that the real wage or income of any man is the commodities and services his money wage or income will buy. The commodities and services set out in Table A (page 7) are therefore the true Family Basic Income for five persons living in decent comfort. But looking down that Table, it will be seen that the great bulk of the items are of Australian origin and for these the prices will depend upon production cost in Australia. If, therefore, there is a general rise in the wage in Australia, there will be a general rise in the production cost and consequently in the price of most of the items constituting the Family Basic Income. That rise in price will not be in strict proportion to the rise in wage, because wages are only one factor in prices, profit being also a substantial factor. But the point is this. It ought to be the practical objective of Labour to increase income up to the standard in Table A with no increase whatever in the prices of the items beyond what is unavoidable. The effect, however, of paying in wages what is necessary for man, wife and three children to all men with or without children is an *avoidable* loading of production cost, and there of prices. Some slight increase in price, about 6 per cent., must follow at present (because the Harvester Wage has not been brought up to date) if all employees are to have an income sufficient for all their families, but it is magnifying trouble to increase prices not by 6 per cent., the amount necessary to provide for those that do exist, but by 22½ per cent., the amount necessary to provide for those that do not exist, in the end, as was shown in my Memorandum (see pp. 24-25), the sum which at any given moment in just enough to provide the commodities and services of Table A instantly becomes far less than enough when it is paid to all employees, and so there is added the dynamic speed of an artificial load-momentum to the upward movement of prices.

For thirteen years this has been one malign cause of the perpetual disappointments suffered, in a country whose doctrine is ideal, by men with families, as they have seen their wages rising and prices always outstripping their power to live comfortably and securely and to bring up their children as they ought to be brought up.

There is this marked difference in the effect of a general increase of money wages in the production of goods for export and for home consumption respectively that in the production of goods for export there is no passing on possible, nor does any question arise of money wage and effective wage. It is here an iron law that the money-wage alone, as reflected in the price, must permit of the goods exported being better value than their rivals in the markets of the world. "Better value" because highly paid labour may produce a better, though a dearer, product. In some export industries whose finances came under my notice on the Inter-State Commission, such as jams, leather, boots, biscuits, condensed milk, and confectionery, the margin of value for value in competition with other producing countries is usually narrow. Indeed, it was only the chances of the war which, by giving a foothold in neutral markets, brought some of them into being as export industries. They would not, in my opinion, survive an all-round increase such as that which would raise all wages to the true five-in-family level. There is not the same certainty of mischief about some of the primary industries, notably the pastoral industry where the proportion of labour cost is comparatively small, but no sensible man would suggest the running of serious risks with these industries which are Australia's natural field viewed internationally.

**Effect upon Export and Home Industries.**

These considerations do not directly bear upon Mr. Knibbs' conclusion that our production is unequal to paying the five-in-family wage to all workers. Whether that conclusion is right or wrong, it is certain that production would fall off and unemployment ensue. The unwisdom is thus demonstrated of persisting in the irrational practice of putting a clog upon Australian industry by loading it with wages costs that are both needlessly incurred and inequitably distributed.

In answer to Question 4 in my Memorandum I said:—

"The total obligation, under the new proposal, of employers, of about £4/10/- [per employee] per week would not, as far as I can judge, have any injurious effect upon our primary industries, as it is not so much above the level of wages in other countries as to countervail our natural superiority of opportunity. Nor would other industries, in my opinion, be adversely affected."

Further consideration has confirmed me in the view that no danger exists either to home or export industries in the total obligation proposed of £4/10/- per employee per week. Moreover, with an assured "charter of comfort," a much higher degree of industrial stability would certainly be reached, and there is therefore no reason to doubt the financial feasibility of the proposed system.

**The Present Chaos in the Basic Wage Law.**

It may be fairly doubted whether any united people in any epoch ever found its main rights in the economic and industrial field in such a state of incoherence as obtains in Australia. The Constitution provides that inter-State commerce must be free, and therefore competition in the sale of products is free amongst all the producing States. The wages, hours, and conditions of labour—all of them prime ingredients in price, which determines the issue of competition—are left to be differently regulated according to the different laws of the States. The Commonwealth Arbitration Court can only make an award dealing with wages, hours and conditions of labour in the case of actual disputants. It cannot make a "common rule" even in one industry,* let alone award a general basic wage for all industries. The influence of its awards has, in fact, in a period of rising wages, been felt beyond the strict limits of their legal ambit, because when once it has laid down a basic wage in one dispute, other intending or actual disputants arrange their dispute in the light of that decision without coming into Court. And the determinations of the Court have led to the federalizing of many unions, because the wages awarded under that Court's auspices have as a rule been higher than under the State authorities, except those of Queensland, and, since 1918, of New South Wales.

In these two States tribunals exist—the Industrial Arbitration Court of Queensland and the Board of Trade in New South Wales—which are empowered to determine a general basic wage. In the other States (except Victoria) a minimum wage can only be declared in an actual hearing between parties, though once a case arises in which a change is made, that is probably regarded as a precedent. In Victoria, wages are determined for each industry by some 160 Wages Boards, who act entirely without any legally defined standards of

*11 C.L.R., 311.

wages, and without any greater coherence of policy or level than may occur as the result of mutual imitation. This is one reason why wages are lower in Victoria than in the other States, the authorities of which accordingly find themselves precluded from following out the doctrine of the living wage to its just conclusion for fear of a factor in Victoria which is favourable to inter-State competition. Thus the N.S.W. Board of Trade, being bound by law to declare in October of each year the cost of living for a man, wife and two children which then becomes automatically the minimum wage, gave a decision last year that £4/5/- was the cost of living. The previous finding was £3/17/- in October, 1918, and therefore the amount in October, 1919, should have been £4/13/-, brought up-to-date by the Commonwealth Statistician's Index Numbers—the only method then available. But the Board fixed £4/5/-, giving weight to the consideration of inter-State competition. The effect was to reduce the standard of living.

Again, in Queensland recently (February, 1921), the Industrial Court, being bound by law to award a minimum wage not less than that which will support a man, wife, and three children, held an enquiry into the question of a general declaration. The only evidence as to the cost of living was the finding of the Basic Wage Commission (£5/6/2 per week for Brisbane), as to which the employers' representative admitted that he could not suggest any item that could be cut down. The Court did not purport to determine the cost of living of a family of five; it based its decision on the fact that Queensland could not, in view of inter-State competition, pay more than the highest existing minimum wage, viz., £4/5/- in New South Wales. Though this decision tore the Act across, and also abandoned the principle that no industry can be carried on which pays less than the living wage, it evidently seemed to the Court the only thing possible in the present labyrinth of Australian industrial laws. Thus the Victorian Wages Board system, which can ignore the cost of living, prevents the New South Wales Board of Trade, which is bound to ascertain the cost of living, from carrying the positive mandate of its Statute into true effect, and then the decision of the N.S.W. tribunal compels the Queensland Court to refrain from ascertaining the cost of living, and thus to ignore the Act which created it, and, so to speak, "do the best it can."

Another vital inconsistency exists in that the Judges of the Commonwealth Arbitration Court, left without any statutory direction as to the basis of the minimum wage, have laid down that the minimum wage shall be what satisfies the requirements of a man, wife, and three children. The other States, except New South Wales and Victoria (which has no known rule or policy) follow this decision. In New South Wales Judge Heydon, in 1914, refused to follow it on the ground that the average family of *married* employees is statistically 1.8, or a little less than two children He, therefore, took two children as the limit, and this has since been done in the N.S.W. Statute governing the Board of Trade. In spite of this, the actual wages in New South Wales have been higher since 1918, the reason being that in that year there was an actual enquiry into the cost of living which superseded the supposed finding in the Harvester Case.

Neither the family of three, nor that of two, children is based on any intelligible principle of providing for the maintenance of the worker's family. If in this vital (literally vital) necessity, the callous and illogical course is to be followed of granting maintenance to the *average* number of children of employees, or, in other words, of providing for as many children as the *average employee* has dependent upon him, and letting all families greater than that of the *average employee* receive their respective fractions only of a living wage, then the *average employee's* number of dependent children is .9, or a little less than one, and one child, not two or three, should have been taken by Judge Heydon.

**The Origin of the Confusion.**

The real blame for all this mass of declarations of legal right belied by judicial practice, lies not with the Judges but with the Parliaments. Except in Victoria, in New South Wales (since 1918), and in Queensland, both Federal and State Parliaments have handed over to judicial decision the fundamental question what number of human units should be provided for in the minimum wage. Can any spectacle be more extraordinary than this, that the employee in New South Wales, if he belongs to a Union registered under Federal Law, is entitled to claim a living wage sufficient for himself, wife, and three children, while if he belongs to a Union registered under State Law, the limit of his right is two chil-

dren? And this (in either event), whether the real number of his children is none, or four, or seven.

Matters of right so vital as this ought not to have been handed over to Courts voyaging without a chart, but should be defined by the will of the community expressed in statute form for Judges to follow. In the Harvester Case (2 C.A.R., at pp. 2-3), Mr. Justice Higgins said:—

"The first difficulty that faces me is the meaning of the Act. The words are few, and at first sight plain of meaning; but, in applying the words, one finds that the Legislature has not indicated what it means by "fair and reasonable"—what is the model or criterion by which fairness and reasonableness are to be determined. It is to be regretted that the Legislature has not given a definition of the words. It is the function of the Legislature, not of the Judiciary, to deal with social and economic problems; it is for the Judiciary to apply, and, when necessary, to interpret the enactments of the Legislature. But here, this whole controversial problem, with its grave social and economic bearings, has been committed to a Judge, who is not, at least directly, responsible, and who ought not to be responsive to public opinion. Even if the delegation of duty should be successful in this case, it by no means follows that it will be so hereafter. I do not protest against the difficulty of the problem, but against the confusion of functions—against the failure to define, the shunting of legislative responsibility. It would be almost as reasonable to tell the Court to do what is "right" with regard to real estate, and yet lay down no laws or principles for its guidance."

In the course of the long discussion of this case, I have become convinced that the President of this Court is put in a false position. The strength of the Judiciary in the public confidence is largely owing to the fact that the Judge has not to devise great principles of action as between great classes, or to lay down what is fair and reasonable as between contending interests in the community; but has to carry out mandates of the Legislature, evolved out of the conflict of public opinion after debate in Parliament. I venture to think that it will not be found wise thus to bring the Judicial Department within the range of political fire."

These observations were directed to the meaning of the words "fair and reasonable remuneration." Their force is tenfold if applied to the deeper questions, the right of a man's children to live, the number to be sanctioned as having that right; the contribution, therefore, that it is fair and reasonable the employer should make; the method in which that

contribution should be raised and allocated. The whole future of industry and of population in Australia pivots on these questions; yet a State Judge sitting in Sydney answers them in one way (two children), a State Judge sitting in Adelaide or in Perth another way (three children), a Federal Judge, if sitting in Sydney departs from the State canon, if sitting in Perth concurs in it. It is inevitable that the progress of industrial statute law must correct these disorders and retrieve the disasters to family life they have involved.

Similarly as to the whole question of reducing to a coherent system the right to live of all families. There is only one way to do it consistently with the wage system of production and with the individual governance of industry. The employer can never be asked to pay his employees a rate of wage which differs according to particular family obligations. The wage must be the same to all, but the "all-employers' obligation" to the country in regard to the maintenance of dependent children should be expressed in a tax imposed by Parliament, while the same authority should enact the distribution of a sufficient endowment for each child. As it is, our Judges are unwillingly turned into average adjusters, overcoming the deficiency of legislation by compromises with law.

There being only one logical method, it may be asked why the Courts should not have adopted it. The answer is that they had neither the power nor the machinery (see *post*, pp. 47-48, *per* the Queensland Industrial Arbitration Court). They were never clothed with power to strike a rate on all employers, and they were never given the authority to assess or distribute endowment pay. They were empowered to award only one and the same minimum wage. Nor could they, in practice, operate the machinery necessary.

**Limitation of Courts' Methods.**

The position, therefore, when it came to awarding a minimum wage was (1) the wage must be the same for all employees whatever their family obligations; (2) as the doctrine of the living wage includes provision for a family, the Courts had to make some general approximation as to what would be "a fair thing" in the way of family. The Commonwealth Arbitration Court thought a "home of about five persons"* (which would include "about three" children),

*(2 C.A.R. 6.)

the New South Wales Arbitration Court thought exactly two children, enough. Thus in New South Wales all workers with more than two children; in the Federal jurisdiction, all workers with more than three, were told that the "excess" children were by law disentitled to living rights.

The "divine average" may be a useful guide in matters incapable of precise justice and not vitally important. But it is anything but a divine instrument when it is applied to the right of human beings to a living, and made the vehicle of disallowing that right in the name of the very maxim which establishes it. The original absence of rule and therefore of right is seen in the phrase "a home of about five persons."* Would two children with man and wife, or four children with man and wife each constitute "*about* five persons"?

Though it is universally taken that this ambiguity has been removed by the omission of the word "about" (thus leaving precisely three children), yet as a matter of strict statement of the decisions, the ambiguity has been insisted upon (per Higgins J. Meat Industry Case, 10 C.A.R. at 482). His Honor said that "the precise number to be taken is not so very important, as it seems that increasing family size is accompanied by increasing food expenditure and decreasing rent expenditure." The reasoning omits increased expenditure for clothing and miscellaneous requirements, and is not even right as between food and rent. How can there be *decreased* expenditure for rent *because* another child arrives? Even so, the share of one child out of three in rent is 2/- per week, in food is 4/6 per week, applying the dissection already given. (See p. 15).

The assumption is contrary to all family experience, and if it were sound would mean logically that it costs a parent no more to support four children than two, or five children than one.

All classes of the community have a right to call for a revision of the law in the light of experience; employers because the present law dictates the duty of providing income for two million non-existing children, the employees because it frustrates the declared rights of persons in their ranks, the general consumer because it makes living dearer for no consistent industrial objective, and all citizens because it embitters industrial discontent by its galling ineffectuality. The sweated father and mother who try to bring up decently

*Harvester Case.

a family of three children on a wage that is called a living wage, and who have "a rotten bad time of it"* might, before Industrial Arbitration, have accepted their fate without repining. As it is, they look upon the new law as keeping the word of promise to the ear, only to break it to the hope.

And it is this running sore in the body industrial which so inflames the mind industrial that even a slight added irritation supplies the impulse to strike. Those who wonder at panic irruptions of unreason in this regard should remember that the temper of the worker in Australia as everywhere else, has been made one of chronic bitterness by a chronic grievance. With blood thus soured, men are swift to make war and even to take the offensive-defensive. Just so, a trifling injury may be a *casus belli* in a nation long goaded by an oppressive neighbour.

*See p. 24.

## CHAPTER IV.

## DERIVATIVE BENEFITS OF A SOUND SYSTEM.

The main benefit of a system such as that proposed, is that it will completely banish real poverty from any employee's home in Australia. The "market basket" spoken of at page 10, being always procurable under the adjustment plan, no family of any size would ever suffer privation. In one of the conversations I had with the Prime Minister during last year, he used an expression that has remained with me. "It would be a great thing if there was one corner of the earth [meaning Australia] where every working man could bring up a family in comfort."

But there are, in addition to this, important derivative benefits. And here let us not forget that, for nations as for individuals, who goes straight goes furthest and goes safest. It is foolish to laugh at insistence upon strict theoretical reasoning. No man can think on any matter of social or personal conduct without theorising. If, as Bright said, "the worst thing about the great thinkers is that they so often think wrong," the best thing about a democracy is that the mistakes it makes in thinking wrong can be readily put right.

If we now face the duty of thinking out afresh the measures necessary to secure a decent living for the workers, and if our theory be sound and logical it will be found to permit not only of achieving the main benefit aimed at, but of many subordinate advantages. Some of these will now be mentioned.

**(a) Non-paying Industries.**

It has been seen that the right of the worker to a living wage has been declared in the Commonwealth Arbitration Court to be "sacrosanct," so that it must not be reduced even if a business cannot pay it. In such a case the business must close and employees seek other employment.

The maxim is defensible only if the living wage is truly adjusted to the facts of living.

When, in the name of the living wage, it becomes the duty of an employer to pay an employee who has no children, a wage for the purpose of enabling him to feed and clothe and educate three children, the maxim is the last word in unreasoning harshness. Viewed in bulk, to tell the managers of Australian industry that they must between them find support for 2,000,000 mythical children, and must each of them carry his proportion of this baseless demand or else give up his occupation, is to court a stern answer from the facts of industrial life.

That answer was given the first time the question was seriously raised. We have seen that the Queensland Arbitration Court, while not determining whether £5/6/- per week was the amount necessary for the family of five, awarded a basic wage of £4/5/- because the industries of Queensland could not pay any higher wage in competition with the industries of other States.

But the Court did more. It announced that the wage of £4/5/- was for "industries of average prosperity," and it reserved the right to fix a lower minimum in industries which are unable to bear that minimum and to fix a higher wage for industries above average prosperity under s. 8 (1) b. of the Act.

The section referred to provides that—"The Court in fixing wages, shall be entitled to consider the prosperity of the calling and the value of an employee's labour to his employer, in addition to the standard of living, but that in no case shall a rate of wages be paid which is lower than the minimum wage declared by the Court."

It will be noted that prosperity can only be taken into account *in addition* to the minimum standard of living. But the Court was driven into reading into the section the words "or in reduction of the minimum standard."

There are thus three possible "minimum wages" in Queensland:—

1. A minimum lower than the declared minimum.
2. The declared minimum of £4/5/- not based on the cost of living.
3. The minimum prescribed by the Act based on the cost of living.

"And yet there are not three minimums, but one minimum" (legally orthodox, that is). It seems hard upon the ordinary working citizen to find the simple living wage doctrine thus entangled in the metaphysical difficulties of the Athanasian Creed.

The Full Bench in Queensland, having thus overridden both doctrine and Statute in its general declaration, a concrete case came before one of the Judges in which the Union asked that the basic wage of £4/5/- should be made applicable to the employees of the Mount Morgan Gold Mine. The Judge, knowing the financial position of the mine, declined to award the wage. As this mine is the main support of a town of 10,000 people, can any one wonder at the decision, assuming (as we must) that the Court's view of the financial position was right? The result is that while men on the minimum wage in Brisbane receive £4/5/- per week, those at Mount Morgan continue to receive less than the minimum.

Similar results may follow in scores of instances, and the labyrinth of felt inequalities thus added to the inter-State chaos will still further discredit arbitration law. Had the living needs of £5/6/-, determined by the Basic Wage Commission for a family of five in Brisbane, been dissected, it would have yielded these components of family income:—

| | | | |
|---|---|---|---|
| Man and wife .. .. .. .. .. .. .. .. | £3 | 13 | 0 |
| 3 Children at 11/- .. .. .. .. .. .. .. | 1 | 13 | 0 |
| | £5 | 6 | 0 |

The minimum or basic wage of £4/5/- in industries of average prosperity was 1/- more than enough for a man wife, and one child (£3/13/- plus 11/-). All families with more than one child are therefore deprived of a reasonable standard of comfort, the privation increasing with the number of children.

In the Queensland decisions, again, it is not the fault of the Courts, but of their limited power. In the general minimum wage declaration, the Full Bench thus alluded to the system of endowing children:—

"Put in another way, the effect of prescribing an equal basic wage for men married or single is that the single men are enabled to maintain a higher standard of life than are

the married men, their wives and children, and that the inequality of the standard is widened as the responsibility of the married man for the care and upkeep of children increases as the family grows in number. In announcing the intention to appoint the Commission, the Prime Minister said—'If we are to have industrial peace, we must be prepared to pay the price, and that price is justice to the worker. Nothing less will serve.' If justice to the worker requires that regard should be had to the greater social needs of the average married man, so that his standard of living may be approximately equal to that of the average single man, and *if justice is the price of industrial peace, it is obvious that we are not paying the price, and also obvious that in this respect this Court has not the power to do such justice.*"*

The context of this passage might seem to give colour to a widespread mistake that the system of a Family Basic Income involves a different wage for single and for married men. In my Memorandum I made it quite clear that single men should have the same wage as married men without children. (See page 23.)

I would add a word as to the strict logic of this position. At first sight, it would seem that the living wage doctrine would be satisfied if the single man's wage were lowered and an addition made when he married. This overlooks, however, the single man's *potential* needs, the most important of which is saving for marriage. Moreover, it overlooks the fact that the single man, not having his own household ties and pleasures, must spend more outside his home, and also the fact that while he does not need a higher standard in Food or Housing or Clothing, yet in point of fact these things cost him more to obtain than they cost the married man. There is a substratum of truth in the homely saying, "It is as cheap to keep two as to keep one."

Again, if the single man is not to have money to save for marriage, there would need to be some system of marriage endowment. A Queensland writer suggested a system of "deferred pay" for this purpose. But any arrangements of this sort would be very complicated and expensive to administer.

Mr. Justice Starke (when Deputy President of the Commonwealth Arbitration Court) introduced the practice in the Commonwealth Public Service of awarding a lower remuneration to the unmarried. But outside the Public Service dif-

*Italics not in original.

ferential rates of wages are impossible. The Public Service Commissioner may be above the temptation of giving the single man preference because his pay is less; in private employment such indifference would be quixotic. And even Don Quixote never went into business.

Lastly, though value of service is not the *measure* of wage under the living wage doctrine, the discontent felt in the Commonwealth Public Service by the single men, who see married men doing the same work and receiving higher pay, could never be appeased in general industry.

The simplest scheme is the best. Let both married men and single men receive the same wage for the same work, and let mothers receive child endowment as the wage for the work they do.

**Variations of the Basic Wage According to Prosperity.**

Obviously the legal right to a living wage is nullified by a decision which makes a man's right to that wage depend, not on his right to live, but upon his employer's capacity to prosper. But apart from this, such a practice could never be part of a stable economic system. For those businesses which are branded as incapable of paying a living wage will be avoided in favour of those who can pay it, or else will attract less capable workers. And thus, under the very circumstances of struggle and difficulty, when a business most needs efficient labour, it runs the risk of being deserted or not well served.

**(b) Relief for Industries Temporarily Depressed.**

Under the system of a living wage equal to the needs of man and wife and a tax which, while representing slightly less in amount than the needs of one child, would provide a revenue for all children, it would be possible to meet such difficulties without any inequality of pay. The wage for a man and wife, £4 per week, could be paid by ever industry in the Commonwealth—it is in fact a little below what the general wage (including skilled labourer's wages), has been in Australia in the last year or two. It is the feature that the additional obligation of the employer to meet the requirements of family life, would be **in the form of a tax** paid to the Consolidated Revenue, **not a wage** paid to the employee, which provides the opportunity of relieving businesses which are under temporary depression.* Such businesses could apply to a named tribunal, or to an expert

*See Illustrations, pp. 62-63.

official such as the Income Tax Commissioner, for a remission or suspension in whole or in part, and for a time to be determined, of the *tax*. This application could be decided by ordinary judicial methods which would ensure an applicant proving his case. It is not likely that the loss of revenue would be substantial. Few who are familiar with business in the Commonwealth will maintain that industry generally cannot provide the workers with the moderate needs determined by the Basic Wage Commission and procurable for a total obligation of £4/10/9 per employee per week; so that the cases for relief would not make a formidable list. At the worst, the remissions would only result in a slight abatement of the amount of child endowment. That has been suggested as 12/- per week to meet which the employers' obligations is 9/10ths of that sum. (See p. 25.) To put an extreme illustration. If so striking a proportion as 10 per cent. in volume of the industry of the Commonwealth were permanently incapable of meeting any part of the employee tax, then the revenue would be reduced by 10 per cent., and the endowment would suffer abatement to the same extent and be about 10s. 10d. per child.

The great advantage would be that individual employees and their children would not be made to suffer for depression in individual businesses in which they happen to be employed. Any abatement due to such depression would be spread over the whole of the Commonwealth, and be little, if at all, felt.

The Basic Wage Commission enquired into the cost of living of children under the age of 14. This age is the age universally taken in Australia as the limit for the employer's obligation under basic wage law, because it is the age at which compulsory attendance at school ceases. Beyond 14, children may go to work, and in point of fact children of that age can in Australia earn at least their own keep, and very generally a good deal more.

**(c) School-leaving Age.**

I am convinced that it is impossible to find any responsible leader of education here or in England who thinks that a sound general education can be given nowadays to average children by the time they are 14. This age was fixed in the late 'sixties—and though since then, methods have greatly improved and subjects are now more quickly, as well as more sensibly, taught, yet the march of know-

ledge has been such that the *subjects which make up a sound general education are now too numerous to be covered by the age of 14.*

This might not be so important if youngsters, when they go to work, have reached the point where they desire to learn, and if their surroundings encourage them to further self-education. The converse is the case, as I first came to see in 1911 when under a Royal Commission I reported upon Apprenticeship in New South Wales, and upon Juvenile Employment. My conclusions will now be quoted:—

"The most essential reform is that the entering age [into factories] should be raised to 16, and that as a corollary the education of children should be continued for another two years, part of which would be spent by girls in gaining some domestic aptitude, and by boys in some technical training. . . It must not be forgotten in this connection that to allow children to enter factory life is to subject their mental faculties, as a rule, to an arresting influence, which, in the opinion of all observers, tends to seriously imperil their normal growth. The compromise adopted in England whereby "half-timers" have been allowed to work between the ages of 10 and 14 for half a day, and are compelled to attend school for the other half, has revealed to teachers the truth that the monotonous concentration of factory tasks dries up the sap of the mind in these infant Helots. Similarly, too, workers who have come back to school after being in a factory a year or two are found to be less apt and intelligent than they were before.

"Factory legislation has, by slow advances, and after a century of conflict, triumphed over the appalling barbarities which disfigured the Industrial Revolution, as the change from handicrafts to manufactures has been called. Workhouse children of six years of age and less are no longer carted about in waggons from factory to factory until worked out; fathers have no longer to beat their young ones to wake them when they have not heard the factory bell at 4.30 a.m.; there is no making now of the "little crooked alphabets," as Lord Shaftesbury described the swarms of misshapen children he had seen. And cruel as factory life still is in England, in Europe, and in America, the Australian States have put an end to much that was intolerable. But the modern guidance of industrial welfare does not satisfy itself with merely redressing the grossest of abuses; in every modern State the truth is realised that the duty and interest of the community are both bound up in producing a robust and intelligent type of citizen. It is this necessity which calls for longer schooling and a later start in factory

life, without which there is no way to avoid the detrition of young energy, the stupefaction of young brains, and the deterioration of young character."—(Report of Royal Commission upon Conditions of Female and Juvenile Labour in Factories in New South Wales, February 12, 1912, page 51).

"Provisions such as these would change the face of the future for many of the young of the State, for it is to be remembered that no legislation produces a quicker growth or a more certain fruitage than that which promotes the cultivation and development of the oncoming generation. . . . It is needless to dwell upon the gain to the employer from increased efficiency. By doing what is best for the bee, we shall be doing what is best for the hive."—(Ibid. page 37).

"In my recent Report dealing with Factory Life, I recommended that the school-leaving age, except in cases of actual necessity, should be raised from 14 to 16, and this appears to me both to be the only hope of increasing the readiness of boys and their parents to come back to the ambition of skilled tradesmanship, and also to be the only remedy for a serious mischief, which I shall now mention. In most trades the apprenticeship term being five years, the employers—especially the better class of employers—prefer not to have boys until they are 16, when their strength is come on them, and when the five years' time will give the employer the advantage of the apprentice up to the end of his minority, and after he has attained almost full manhood energy. . . . But as things stand now, a boy is free to leave school and enter factory or other occupations at 14, while he cannot, as a rule, become apprenticed or enter a technical college for evening training until he is 16. The interval of two years appears to me, taking into consideration the range of this inquiry as a whole, to be causing mischief and wastage which it is almost impossible to overstate. During that time both boys and girls drift about either in no occupation, or more commonly in unskilled work, where they simply spend their strength earning a wage but making no advance in development, at an age which is in the highest degree impressionable and receptive, and which ought to be, for those who have to work with their hands, an age in which their mental powers should receive a great, as it will probably be a last, accretion.

"If these two years were occupied as I have suggested in my Report on Factory Life (p. xxxviii.) with a continuance of teaching, boys and girls before they leave school would, at any rate, reach an age in which a little more judgment and a little more appreciation of what it means to be an artisan rather than a labourer, might not unfairly be expected, and, moreover, the additional two years spent in the

atmosphere of light discipline which exists in our schools would be of great value in its moral effect upon children who are now often prematurely old, not indeed in wisdom or judgment, but in the absence of restraint and a freedom which is a little too free."—(Report of Royal Commission on Apprenticeship in New South Wales, March 7th, 1912, page 11).

This recommendation was not adopted, but later observavation makes me feel more than ever that its adoption would revolutionise the life of the young. No one can be blind to the mischievous effect upon character of boys and girls getting all the freedom and opportuity of adult life, with command of money far beyond their needs, at an age when pleasure is an athlete and forethought still a fledgling. Once the experience has been tasted of "easy money," the precocious mannikin will take it sorely amiss to study or to serve as an apprentice. The streets of every capital at night are the witness of the result.

What hope is there of raising the leaving-age unless child endowment is introduced? In the recent report of the (British) National Birth Rate Commission,* on which Commission very distinguished men and women in England sat and heard the evidence of all classes of social reformers, the question of raising the school age came up very frequently. It was the universal experience of witnesses of high authority, that the bitterest opposition to Mr. Fisher's Education Bill, providing for raising the leaving-age to 16, came from working-class parents, who felt that they must have the contribution to the family purse of the children, or at least that they must "find themselves," at the earliest possibe age.† As a result the Government was compelled to agree to fixing the leaving-age a year earlier than was proposed. The Act (8 and 9 Geo. 5. c. 39) now provides for school attendance up to 15 (see Section 8).

There is the same crux in Australia. Since a family with three children under 14 cannot live in comfort on the present basic wage, they would feel it an added cruelty, not a kindness, to be compelled to keep their children another year or two, and send them to school. This condition would persist, even when the country reaches a much higher level of

*Second Report, 1918-1920, published by Chapman & Hall as Problems of Population and Parenthood, 1920.

†See e.g. Evidence (p. 33) of Monsignor Brown, V.G.

general prosperity, because the existing practice of taking the children's bread, and giving it to the childless, puts permanent fetters on the working-class parents of the Commonwealth. And in the discussion of the school-leaving age it is the parents whose position must be secured. If, on the other hand, child endowment becomes the law, it will be easily possible, when things improve, to continue it to a later school age.

**(d) The Decline in the Birth-rate.**

Speaking in the middle of last century, Carlyle said to Sir Henry Parkes that the only good thing he knew about Australia was that it was a place where if a man would work he could eat. That was an epoch with us of a kind of mental exaltation. The gold discoveries, the anti-transportation agitation, the struggle for responsible government had all evoked a spirit of animated freedom in the people, a spirit not then choked and circumscribed by anxiety as to the sustenance and nurture of families. It was therefore an epoch of large families, an epoch now regarded as vanished.

The intervening half-century has seen the spirit of breezy confidence evaporate, leaving a vacuum into which has rushed the chill air of social discontent and a straining anxiety as to how children are to be fed and taught and placed in the world. In 1888 the Full Court of New South Wales had to consider the question of stopping the sale of Mrs. Besant's republication of Knowlton's "Fruits of Philosophy," as an "obscene book." The leading judgment holding that the book was not an obscene book was delivered by the late Mr. Justice Windeyer, who, as well as deciding the point of law, introduced a warm and persuasive encomium on the new gospel of preventing the arrival of children where there is no certain prospect of supporting them in reasonable comfort. That judgment (which is the literary, not the judicial, masterpiece of a very able judge) first made child prevention respectable, and even commendable; no one would deny that it is now universally practised. No doubt it is often adopted out of the sheer love of luxury by well-to-do women, who prefer a life of excitement without children to a life of happiness with them. Beyond doubt, too, so far as the birth-rate from illicit intercourse is concerned, that has now reached "the danger zone of complete safety." Though few would maintain that our *mores* are nearer morality than they used to be, there was never such a low illegitimate

birth-rate. As to both types of women, "let us not speak of these, but look and pass on," as Dante says. The limitation of families because of foreseen poverty is a common practice, and that is the mischief now under discussion.

It is a mistake to suppose that the less desirable parents of the community would breed more freely if there were child endowment. The British Report referred to shows that the dissolute and thriftless are just the class that has remained untouched by the practice of child prevention.*

The limitation of the legal right of maintenance to three children (in New South Wales to two) involved in the present domestic unit for the basic wage amounts to a definite warning to workingmen that they must not have more than two or three children, or poverty will be their pre-ordained lot. And as in fact the living wage doctrine has never been faithfully carried out, workingmen have bettered that warning, and the average number of children amongst married men is not even three, but is 1.8.

The total birth-rate in Australia, which in 1860 was 42.6 per 1,000 of the population, had fallen in 1914 to 28 per 1,000, and in 1919 to 23.78 per 1,000, little more than half what it was half a century before.† Nor is the absence of males on service the cause. A serious decline took place between 1916 and 1919—the very years in which the basic wage fell furthest behind the actual cost of living. Statistics only verify what every-day conversation makes clear, that women will not bear children under the present conditions.

We may be sure that, reasoning from the past into the future, when every child has an adequate living ready for it, many thousands would welcome children who now avoid them.

**(c) Improving the Death-Rate.**

It is superfluous to develope the obvious prospect that with assured reasonable comfort in every home, there would be a lowering of the death-rate, particularly as to infantile mortality.†† If organised on a sensible scale, the principle of child endowment could therefore revolutionise, in a country so ill-populated as Australia, the whole outlook as far as natural

*Cf. e.g. Evidence of Miss Maud Royden. (Problems of Population, Evidence page 22).

†Knibbs, Mathematical Theory of Population, page 161.

††Infantile mortality increased in Sydney last year in spite of a wide provision of baby clinics.

increase is concerned, because it would take away the impelling force of what Mr. Knibbs has called the "Malthusian drift" which can be discerned in all the Western races, and it would make every home a "welfare-centre."

Though the effect upon the birth-rate of the system suggested for settling the basic wage problem is in point of logical sequence secondary to the immediate purpose of the proposals, it is open to doubt whether it is secondary in importance. Any question which deals with national destiny in any country must be discussed with an ever present concern for the continuity through generations of the race affected. It is superfluous to point out that the peopling of Australia during the next 20 years may easily turn out to be as vital to homogeneous national existence as the maintenance of a reasonable standard of comfort is for the present generation. As it happens, both the maintenance of this standard and an increase in the natural growth of our own stock are linked together, and are both attainable by the one instrumentality.

**(f) Immigration.**

Closely allied with the increase of population by births is its increase by immigration. No organisation to this end can effect anything substantial in the absence of either of two postulates:—

First, the workers of Australia must be satisfied that their standard of living is not to be lowered by an influx of immigrants;

Second, the workers of other countries must be satisfied that their standard of living will be raised if they immigrate to the Commonwealth.

Here, again, the assurance that the worker's family will, as part of the settled policy of the Commonwealth, be provided with a reasonable standard of comfort, no matter how many children it may contain, will serve two ends. It will guarantee to workers born in or coming to Australia a "charter of comfort" under national auspices, and it will be the most powerful inducement it is possible to conceive for men and women who possess the natural instinct for family life to make Australia their home.

Recent high debates in Europe sound a stern warning note for Australia. A forcing of the door we have locked against the millions of the Near North is at any time, and in any

circumstances, unlikely, because of the Empire's support and America's sympathy. But if we do not populate Australia, we may have to resist the moral pressure of European public opinion, which misconceives the policy of White Australia as a policy purely selfish and parochial.

An increase in the birth-rate, a lowering of the death-rate (especially that of children) and immigration, preferably spontaneous, are the three great factors in a rapid growth of our numbers. The cumulative energy of all three can be secured by a national guarantee that dependent children will be provided for in their own homes from the moment of their birth.

### The Truth as to Family Conditions.

I think the well-to-do, whatever their occasional troubles or their occasional perplexities as to the career they should give their children, have no notion of the ever present dread of poverty and the ever present strain of effort which fall upon the workingman and his wife who "give hostages to fortune," as Bacon put it. Nor do they know to what extent this state of things is responsible for the mental attitude of distrust and resentment towards the existing social order which is so common. It is easy to ridicule or denounce the frothy imprecations sometimes poured down upon every part of our existing economic structure. But the working man who hears, or who reads, these anathemas, and whose lot it is to wind up days of toil with nights of care in a home itself (in thousands of instances) below a decent standard of comfort, and who has day by day to eke out painfully the narrow wage provided for a family man, will naturally believe the whole system to be out of joint. One of our most trusted labour men, who had had a very wide experience, told me that he had observed a wonderful difference in the mental outlook of unionists to whom some turn of fortune had made the future seem secure. When thus lifted only just above the dead level of uncertainty about a living, they lost the venom and suspicion with which they had previously regarded every feature of the social order. It is quite true that workingmen without families need not suffer strain or privation in this country, and the great number of these and of unmarried men and women and girls and boys who are able to dress well, and enjoy plenty of amusement, produce a false impression in the minds of those who

see the superficial well-being of the streets and beaches. A like false impression exists as to the housing of the working classes. There are suburbs where many workingmen own their own homes, or can rent houses with a decent piece of ground, and in healthy surroundings, but our great cities are in the industrial districts and suburbs "whited sepulchres," the inward decay and squalor of which are not seen by those who move along a daily beat through main thoroughfares in which there are such manifestations of prosperity and of civic beauty.

Having, in the past few years, visited hundreds of workers' homes, I feel that if the members of any State Parliament devoted a week to such visits, it would soon be seen that there is no more urgent material need than the provision of better housing which has been urged by every man or body who has come face to face with conditions in some cases indescribable.

Quite recently the Sydney Medical Officer of Health said that in Redfern two married couples and three children were living in one room, while a couple with one child was living in a harness room with one window. In every capital but Perth the Basic Wage Commissioners saw disgraceful housing conditions. They made the comment that *"Australia has become a country of wide spaces and narrow habitations."*—(Main Report, p. 24).

It is a circumstance of happy augury for the solution of our economic questions that the value of any class of society is now habitually measured in terms of its economic value to the community. From this point of view the truth has to be recognised that the mothers of working class families are indeed the salt of the earth. Their daily life, but for the ever-tended flame of conjugal and maternal happiness, would strike an observer as in the last degree laborious and monotonous. Their working hours far exceed the hours worked in any occupation by men, and during part of that time their exertion must be just as strenuous in proportion to their physical strength as that of men in hard muscular occupations. The ordinary workingman's wife, as the evidence before the Basic Wage Commission shows, never has any domestic assistance, she can only snatch a very short interval of repose after child-birth—an interval often made so short that she suffers all her life from the after-

**(g) Status and Rights of Mothers.**

effects—and the round of duty goes on day after day and week after week with very little variation and no holiday. It would be idle to deny that amongst them are a large number who resent the economic pressure which has been described, but in the main the dual instinct of the sex holds good, to carry on the race and while doing it to create happiness around them. Such service to the community is just as real and just as valuable as the work of the factory hand or of the farmer which results in the visible products of industry. In bringing forth and nurturing the human factor in the production of wealth, woman does her share in its creation. It is just that this service should be recognised precisely in the same way, and according to the same standard as is the service of the worker himself. That standard is the standard of living according to reasonable comfort, and its measure should be according to the number of children whose needs for maintenance and education the mothers in the community are eager to satisfy.

The task of child-bearing alone deserves this return. Every mother, like Hercules in the quest for Alcestis, has been down into the Valley of the Shadow and wrestled there with Death in order to bring a young life into the light of day. Twenty-four centuries ago, a mother, in the play Medea, claimed that her lot was harder than even a soldier's. "They say that we women live a sort of sheltered life in the home while men go forth and fight with the spear. They reason ill. For I would rather thrice confront an enemy with my shield than once bring forth a child."*

Progressive minds who study the relation of the sexes are often heard to urge the recognition of women as an independent economic unit. It is unnecessary to go into this wide question, but if the old belief that a nation's greatness may be measured by the status of its womanhood, much remains to be done with regard to working mothers; and their right to child endowment could not fail to increase their importance in the home and also in the community. There is ground for the impression that the wives of the workingmen, as a result of present social conditions, have

*Dr. Cumpston, Federal Director of Health, recently raised the question whether our shocking annual tally of 1,200 deaths of young mothers from puerperal causes in second and third confinements is due directly or indirectly to domestic fatigue, and he asked also whether "kitchen neurasthenia" should be recognised as a cause of death, tired mothers being unable to come through the strain.

not, speaking generally, the same status in their own circle that wives in more fortunate circumstances enjoy. Nothing but good can come of any policy which increases the respect and influence in the home and in political and social action, of these incomparable women.

### The Secondary Cost of Industrial Injustice.

If it has now been established that social injustice is, to a large extent, paid for by children, it may next be noted that our national organisation is at present quite incoherent. Everyone knows that nine-tenths of the mischiefs that necessitate our child-welfare schemes arises from overcrowding and underfeeding. If the workers' wives receive as their due, what will clothe, feed and educate their children, the swift brain and affectionate craft of the mothers will be astute to avert the visible disasters which it costs so much to rectify even to a small extent. Those who have had personal experience of the poor know how surely such mischiefs are to be ascribed to insufficient earnings. The mother's work goes on as inexorably as the children's needs are repeated, and if their unbroken diligence were recognised by regular national payment, there is faculty enough within them to contrive far better than the most elaborate of remedial organization, the salvation of their children. Soon after the Federal Government inaugurated for its Public Service an admittedly inadequate endowment of children, I heard of numbers of cases which illustrated the passion of gratitude for thus exorcising the grimmest of spectres for parents—the straitening of their children's chances. To take one case only, a Commonwealth employee living in a crowded industrial district, and having six children under fourteen, was on the brink of despair, because, being a deeply religious man, and, I may add, a most thoughtful father, he saw that on the former basic wage, he must put the elder girls to work before their time, and send the young to a State School in the district (the children of school age were at a denominational school). He told my informant that the additional 30/- per week was a turning point in his life; he could now look at his girls and know that though he and his wife must continue to pinch themselves, they could at least give their children a chance. It is this new sort of "short and simple annals of the poor," that statesmanship should make common.

What, then, is our political wisdom, if we wait till young

lives are broken or enfeebled, and then try to rescue them, instead of giving them, from the outset, clean air, good food, and enough clothing? A word of warning as to the fallacy that hard times breed a strong race. It is the same fallacy as that which speaks of a "seasoned soldier." Both fallacies spring from looking at the strong specimens who survive, and forgetting the thousands who have fallen on the march. The most unhealthy trades have their sturdy survivors, the poorest streets contain some seemingly well-nourished children.

Their humane propensities will not allow the Australian people to look on while the victims of malnutrition perish in their slums, and we therefore expend hundreds of thousands yearly in "repair work" upon the injured; it is only common-sense to prevent rather than to cure. It is better to build houses than hospitals, and wiser to endow children than to endow children's cots.

**(h) Constitutional Advantage.**

In the House of Representatives on November 23, 1920, the Prime Minister said that the Commonwealth Parliament could not enact a basic wage because the people had refused at the Referendum in December, 1919, to grant, by Amendment of the Constitution, power to the Parliament to deal (inter alia) with wage questions. I had declined at first to accept the Royal Commission, because of a doubt that the whole enquiry might prove futile if the Amendment was rejected, as afterwards happened. It was pointed out to me that the finding could become effective with regard to employees claiming in the Arbitration Court, the Judges of which had asked for the inquiry. (See Main Report, pp. 12, 13.) During the Referendum campaign the Prime Minister was reported as saying that the carrying into effect of the Commission's finding depended on carrying the Amendment. I had then accepted the Commission, and I informed the Prime Minister by telegram that I could not continue to act as Chairman if the Bendigo promise (see Main Report, p. 8) to give effect to the Commission's finding was to be conditional upon the carrying of the Amendment. In reply, I received the desired assurance.

I mention this because it has been stated that the Prime Minister gave me some additional personal assurance that the Commission's finding would be carried out. That is not

correct. The correspondence merely assured the general position as it was when I accepted the Commission.

I do not share the opinion that to enact a minimum wage for employees claimants in the Commonwealth Arbitration Court is ultra vires of the Parliament. Jurisdiction has already been conferred upon the Court (which cannot have greater powers than the Parliament) to award a minimum wage. Parliament could equally define the content of such a minimum wage. As at present advised, I see no power to enact such a wage, except for claimants in the Commonwealth Arbitration Court.

But in point of fact the minimum wage sufficient for man and wife is of secondary importance—being only 2/- or 3/- per week above the prevalent basic wage in Commonwealth Awards, and being 5/- per week below the basic wage in New South Wales and Queensland under determinations which cannot be altered by Federal action. The Family Basic Income in those States could be made the same as in other States by a corresponding abatement of the endowment.

As to the constitutionality of a tax upon employers and of child endowment, I have never heard it doubted. In my Memorandum (see p. 26) I expressed the view that such measures would be constitutionally valid.

The legislative position makes it clear that the first thing necessary is not to run a risk of having basic wage legislation declared invalid, but to introduce child endowment into the law of the Commonwealth. Any improvement of the basic wage in harmony with the new law can then be readily made by the Commonwealth Arbitration Court or by State Industrial authorities without fresh legislation.

Reasons have been amply given to show that separate action through State legislation for child endowment is trammelled by inter-State competition. Only the Federal Parliament can act successfully in the presence of Section 92 of the Constitution which requires that "trade, commerce, and intercourse among the States shall be absolutely free."

## ILLUSTRATIONS TO PAGE 49.

The low price-level of base metals is now bringing on a serious accumulation of unemployment centres. Mount Morgan, in Queensland, Wallaroo Mine, in South Aus-

tralia, and Mount Lyell, in Tasmania, are all closing down on the ground that they cannot pay at present. They employ between them about 4,500 men directly, and another 2,500 (estimated) depend on the mines for the continuance of the towns.

What is to become of these 8,000 men with 4,000 wives and 7,000 children who depend on them—in all, practically 20,000 citizens? Under the family income system the mines could be carried on at the worst with an imperceptible reduction, hardly affecting family life.

Even if an all-round reduction of 10 per cent. *in the wage of £4* were found by a Court to be temporarily necessary and, in view of past profits, equitable, that would make the wage £3/12/-, but the children's endowment would be untouched. The figures would then be:—

| | Wages. | Child Endowment. | Family Income. |
|---|---|---|---|
| Bachelor . . . . . | £3 12 0 | Nil | £3 12 0 |
| Married, no children . | £3 12 0 | Nil | £3 12 0 |
| Married, one child . . . | £3 12 0 | 12/- | £4 4 0 |
| Married, two children . | £3 12 0 | 24/- | £4 16 0 |
| Married, three children | £3 12 0 | 36/- | £5 8 0 |
| Married, four children. | £3 12 0 | 48/- | £6 0 0 |

The children could all receive the full endowment because that is paid out of Commonwealth revenue, though *the employee-tax upon the employers might, upon enquiry, be remitted or suspended.* Not one man or woman would be thrust, as they are now being thrust, by the flat-rate system, into a poverty that has no consolations but hatred—and even that misdirected. How long will fathers and mothers allow the present inequitable system to be a lethal weapon piercing the vitals of their children? How long will the faces of the poor be ground, not this time by the tyranny of masters, but by the tyranny of a custom the sufferers themselves tolerate?

It is only in abnormal circumstances that there could be widespread remissions of taxation. The loss of contribution from the three mines named would be £126,000 out of a revenue of £28,000,000, for only the direct employees need here be reckoned. As the mine employes would still get the full family basic income, the dependent traders, etc., need no relief.

## Conclusion.

It has now been shown that to carry into effect the tenet defined on page 1, it is necessary to provide a Family Basic Income, i.e., a basic wage equal to the needs of man and wife, plus an auxiliary wage for mothers paid in the form of an endowment for each child.

The power of two great engines of reform here converges to effect the main objective—the policy of a Living Wage and the policy of Motherhood Endowment. The latter policy is now advocated throughout the civilised world. It was strongly urged before the National Birth-rate Commission (see p. 53). At the International Congress of Women at Christiania last year it was adopted "for those whose circumstances render it necessary." The wives of all earners on the basic wage come within this condition. Child endowment is one of the "fighting planks" of the Australian Labour Party. One of the great religious bodies in Australia has followed this policy for many years past. Judge Lindsay supports it because "Motherhood is a function of the nation—the worst-paid function there is. Men and women are paid for other services but not for this." Mr. Sidney Webb advocates it as a "mitigation of the economic penalization of parenthood."

Child Endowment is here proposed only for the children of workers, and, by conformity, the raising of revenue is by a tax upon employers, because the whole question is discussed solely with reference to employers' minimal duty towards employees.

---

## POSTSCRIPT.

Just as these pages are completed comes the news of the greatest crisis in England's industrial history. In the coal industry—the basis of England's manufacturing strength—the "higgling of the market" has been magnified into a civil struggle dangerously near to revolution. Our gratitude should be redoubled to the statesmen who conceived, and the eminent Judge who has administered, the system of judicial settlement of Commonwealth industrial disputes. And as the living wage is the fundamental point in the British controversy, we in Australia, in this our own hour of solemn destiny, should take up with all the greater earnestness the duty of making the living wage a living reality.

---

The Specialty Press Pty. Ltd., 174 Little Collins Street, Melbourne.